



*Fiscal Year 2009/2010  
Adopted Operating Budget*

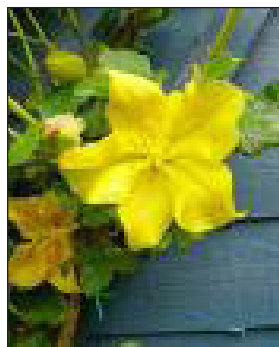


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The Government Finance Officers Association (GFOA) of the United States and Canada presented an award for Distinguished Budget Presentation to the City of Fremont for its annual budget for the fiscal year beginning July 1, 2008.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. This is the twelfth consecutive year the City has earned the award. We believe our current budget continues to conform to program requirements.



## Acknowledgments

Putting together a budget requires a great deal of effort from many people. The City Manager and Budget Team would like to thank the Budget and Accounting Services Staff, Department Budget Coordinators, and others for their invaluable assistance:

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# Guide to the Document

The budget is both a spending plan for the City’s available financial resources and the legal authority for City departments to spend the resources for public purposes. Through these resources, services are provided to meet the needs of Fremont residents. The City Council and City staff respond to the community’s needs in part through the budget. It balances not only revenues and costs, but also community priorities and interests.

## **Document Organization**

### ***Budget Overview***

The City Manager’s Budget Overview sets the context for budget decisions by describing community and economic conditions affecting the budget. It outlines major initiatives underway and opportunities and challenges for the coming year.

### ***Summary Information***

This section of the document presents an overall picture of the City and the budget. It includes an organization chart, a description of the community, summary financial tables, a summary of Citywide staffing changes associated with the budget, and documentation of the City’s compliance with State statutes and City policies regarding total expenditures and debt. The section also presents a summary of departmental special projects in a table that shows projects’ alignment with Citywide goals.

### ***General Fund***

Local government budgets are organized by funds in order to segregate and account for restricted resources. Each fund is a separate accounting entity. The General Fund provides the majority of resources for most of the services cities typically provide, including the public safety, maintenance, and general government functions required to support direct services to the community. This section provides an analytical overview of the General Fund for the budget year. This section also places the budget in context with the financial forecast and provides a five-year historical review of General Fund sources and uses.

### ***Other Funds***

The Other Funds section contains information regarding non-General Fund sources of revenue. These funds are grouped into Cost Centers and Internal Service, Special Revenue, Redevelopment Agency, and Capital categories. Internal Service funds are cost allocation mechanisms and, along with Cost Center funds, are proprietary in nature. Special Revenue funds and Capital funds are grouped in the literature with the General Fund and debt service funds and are described as “governmental funds.” The distinction between how the budgeted resources are accounted for in proprietary funds as compared to governmental funds is discussed in the “Basis of Budgetary Accounting” located in the Policies and Practices section of the document. A description and financial summary is provided for each category of Other Funds within the budget.

## Guide to the Document

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### *Capital Budget Summary*

The Capital Improvement Program (CIP) is adopted biannually and includes appropriations for projects for Fiscal Years 2009/10 and 2010/11. Selected excerpts from the Plan are included with the operating budget to present a comprehensive picture of all the funds of the City and to reflect fund transfers approved between other operating funds and capital funds. This section contains a description of the CIP funds, a summary of approved expenditures by program category, and highlights of key projects for the current fiscal year.

### *Department Budgets*

The majority of the budget document presents information on departmental budgets. Each departmental section provides the following information:

- **Department Mission Statement**
- **Description of Responsibilities and Services** - The purpose of this information is to give the reader an understanding of the scope and breadth of each service area's ongoing functions and responsibilities.
- **Accomplishments** - A list that highlights a few of the department's most noteworthy accomplishments.
- **Special Projects** - A list of significant departmental projects aligned with the City Council's goals.
- **Sources of Funding** - This information is in graphic form and illustrates the funds from which departments receive financial resources. Interfund transfers (to the General Fund) cover administrative department costs that are provided by the General Fund. This contribution is shown on the charts as "overhead charges to other funds."
- **Expenditure Summary** - This table provides the salary and benefits, operating, and capital costs associated with the department for the fiscal year. It also provides historical information and trends of previous funding levels.
- **Major Budget Changes** - A description of the major budget changes is included that compares the previous year's budget with that for the current year.
- **Staffing** - A historical staffing graph shows the level of staffing for each area. In addition, an organization chart displays individual positions and titles.

Departments comprised of multiple, discrete service areas also present a table summarizing their activities by those major service areas.

### ***Staffing***

This section contains a summary of authorized positions by department and provides perspective on workforce trends.

### ***Policies & Glossary***

This section details the City's budget and financial policies, and includes a glossary of budget terminology.

### ***Resolutions***

This section contains resolutions approving and adopting the City budget, the Redevelopment Agency budget, and the appropriation limit for the fiscal year.



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# Budget Overview

## Honorable Mayor and Members of the City Council:

### Executive Summary

These are unsettling times for the City of Fremont. The prolonged and unusually deep recession gripping the country has reduced both our current revenues and our projected revenues dramatically. Our sales taxes and property transfer taxes have seen significant drops over the past two years, reflecting the sharp downturn in the housing market and the fallout of the subprime mortgage crisis. We must reduce spending now to resize the organization to a level at which our expenditures will not exceed our reduced revenues.

The subprime mortgage crisis and housing market collapse discussed in last year's budget document triggered an economic plunge at both a national and a global level. Virtually every major industry has suffered loss and the broadest measure of productivity in the United States, gross domestic product, contracted at over 6% in both the fourth quarter of 2008 and the first quarter of 2009. Such shrinkage in gross domestic product has not occurred since the late 1970s. As it often does, California led the way into this economic abyss. Many of California's most promising industries suffered bruising business reversals, its home values fell at among the highest rates in the nation, and its unemployment rate has surged to almost 11%. These grim economic shocks have rocked the local economy and, not unexpectedly, they are affecting the City's budget.

Declines in construction and consumer spending have yet again thwarted the State of California's attempt to fashion a sustainable business model. The State is facing yet another budget shortfall due to fundamental problems with the State's budget system. The likelihood of the State at least attempting to raid local coffers to solve its inability to balance its own budget is high. Like many cities in California, Fremont continues to face a volatile and uncertain economic future and remains cautious because of concerns about economic performance and the possibility of more State takeaways of local revenue. Economists at Beacon Economics have characterized the national financial situation as a deep recession, but not a depression. They expect economic recovery to occur in early to mid-2010 – except that recovery in housing will be delayed until 2012 because of the amount of inventory currently on the market. According to the UCLA Anderson Forecast, “2009 is still rather gloomy for the East Bay economy, with the expectation of turnaround at year's end.” These economic forecasts do not bode well for the revenues of California governments.

City finances, and the community services that depend on those resources, have been severely strained because of years of State takeaways of traditionally local revenues. This is compounded by a serious recession in the early years of this decade and an even more severe recession now. The revenue take-aways started in the early 1990s with ongoing shifts of local property taxes to the Education Revenue Augmentation Fund (ERAF). Since then, Fremont has lost over \$144 million to ERAF, and this amount continues to grow by roughly \$13.7 million a year. These losses are partially offset by increased Proposition 172 sales tax and COPS funding for law enforcement, resulting in a net annual loss for Fremont of \$12 million and a net cumulative loss for Fremont of \$121.7 million.

## Budget Overview

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The City met previous difficult times by reducing spending throughout the organization and by focusing on attracting and retaining retail businesses to increase revenue. Staff has been vigilant and disciplined over the past several years to not increase the workforce (other than for critical public safety needs) and to keep staffing levels lean. Because we were proactive, the City can now face yet another economic downturn and the prospect of still more State takeaways with effective options, rather than being forced to merely react. In December 2007, we began a belt-tightening strategy that will help soften the impact of the further reductions we must now make. A dollar saved today is one we won't have to cut in the future, and the organization has taken that to heart. Even so, some very difficult cuts and service reductions are necessary in order to make sure we can live within our means.

Total budgeted resources in the coming fiscal year will be adequate to support total budgeted expenditures of \$136 million, so the budget is considered to be balanced. The FY 2009/10 budget also maintains the City Council's long-standing funding priorities by allocating over three-quarters of the budget to direct costs for public safety and maintenance. The share of General Fund resources budgeted for these purposes is actually 90% when overhead costs required to support these functions are allocated. Although we are continuing to fund some of the much-needed public safety staffing added in FY 2007/08, the FY 2009/10 budget continues most of the service reductions implemented since FY 2002/03. In addition, the strategies adopted in December 2007 – a 1% General Fund savings target and not filling many staff vacancies – will become permanent reductions in FY 2009/10, in addition to further budget cuts and staff reductions. The FY 2009/10 budget is 7.7% less than last year's adopted budget.

Property taxes are expected to remain the City's largest revenue source in FY 2009/10. Despite the decline in other major revenues since the peak year of FY 2000/01, property tax revenues have remained relatively strong. Although the extremely vigorous real estate market sales activity of the past few years has slowed dramatically in Fremont, the City's FY 2009/10 property tax revenues are based on assessed property values as of January 1, 2009. The County Assessor is seeing increased valuation appeals activity, but even so, Fremont properties are holding their value better than elsewhere in Alameda County and the state. Therefore, property tax revenues are projected to grow in FY 2009/10 by 1.4%, to \$62.2 million.

In contrast to the consistently strong property tax trend, sales tax trends are emblematic of the City's broader revenue volatility. After reaching a high point of \$33.2 million in FY 2000/01, sales tax revenues endured a multi-year decline to a low point of \$26.8 million in FY 2003/04. The steep drop was caused by the collapse of the Silicon Valley technology market and Fremont's reliance on sales tax from high-tech manufacturers. Since that time, sales tax from the high-tech and biotech sectors now appears to be stabilizing, and City efforts to diversify and strengthen our sales tax base by increasing the consumer retail sales and auto sales tax bases also have been a big help. Unfortunately, the consumer spending collapse, fueled by rising unemployment, foreclosed homes, and a sense of consumer panic following the financial market melt-down that occurred in September and October 2008, is now taking a toll on our sales tax revenues. Two of our automobile dealerships and one major electronics retailer have closed, and other retailers are struggling. As a result, we expect to see a 6.6% decline in our sales tax revenue in FY 2008/09, followed by a 2.5% decline in FY 2009/10, to \$32.4 million (including the "triple flip" property tax replacement for one-quarter of our sales tax).

If, in a given year, total resources available exceed total uses, the “surplus” increases fund balance. Fund balance has been a crucial resource for cushioning the City’s transition to a lower revenue base in recent years. Instead of spending all of the surplus during the “boom” years of the late 1990s, the City set aside a portion of those revenues in fund balance for use in future lean years.

In FY 2008/09, the City is expecting to use all of its remaining \$3.2 million fund balance, plus \$7.3 million from the Budget Uncertainty Reserve (up from the \$4.1 million anticipated at the time the FY 2008/09 budget was adopted in June 2008, before the global financial market crisis erupted in the fall of 2008). In FY 2009/10, another \$3.6 million of the Budget Uncertainty Reserved will be needed to balance the budget. Based on all the data we have at this time and economic forecasts from a range of sources, we are making the following key assumptions for the FY 2009/10 budget:

1. Sustainable budget reductions are necessary in FY 2009/10, resulting in a budget that is 7.7% less than the year before.
2. General Fund resources will decline by a little less than 1%, in contrast to the more typical growth experienced in prior years of at least 4%. When compared to the FY 2008/09 adopted budget, the revenue decline is actually 5.4%
3. A reduction of 1% of expenditures and the “freezing” of selected vacant positions that was implemented in December 2007 and continued through FY 2008/09 will become permanent in FY 2009/10.
4. The worsening State budget continues to be a threat, which means that this budget may be considered “**provisional**” in nature, with additional modifications likely needed during FY 2009/10.
5. No specific provision is made for future State takeaways in the proposed budget. However, the City will be ready to respond to any such take-aways confirmed by State legislative action when the amount and timing are known, and we will return to Council as needed.
6. In addition to the departmental reductions, total expenditures in the FY 2009/10 budget and the forecast for FY 2010/11 include nonspecific savings of \$1.5 million per year (approximately 1.0% of total budgeted expenditures and transfers out in FY 2009/10) to compensate for the historical tendency to under-spend total resources allocated.
7. The FY 2009/10 budget does not include any prefunding of the City’s other post-employment benefit (OPEB) liabilities, nor does it include any contribution to capital projects. These items begin to be funded again in FY 2011/12.
8. The City will prepay its FY 2009/10 employer contribution to CalPERS, resulting in an estimated savings to the General Fund of \$950,000.
9. The General Fund’s primary reserves, which previously totaled 15% of total expenditures and transfers out, will be reduced by Council action to 12.5% of total expenditures and transfers out. In addition, \$7.5 million in reserves will be spent over the next two fiscal years – \$3.6 million of the remaining Budget Uncertainty Reserve in FY 2009/10 and \$4.0 million (the rest of the original Budget Uncertainty Reserve and \$3.7 million resulting from the change in reserve policy) in FY 2010/11.

# Budget Overview

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## Impact of State’s Financial Condition

The instability of the State budget continues to be a real threat to local governments, including Fremont. In October 2008, the State finally passed a budget for FY 2008/09 that relied heavily on debt and deferral of expenses. That budget was out of balance as soon as it was passed because it was based on revenue projections from the spring that had not been updated. In late 2008, the State’s budget problems got even worse as a result of the financial market credit crisis and the national recession. By January 2009, the State projected that it would face a \$40 billion shortfall by the end of FY 2009/10 if no corrective actions were taken.

In late February 2009, the State adopted a revised FY 2008/09 budget and a budget for FY 2009/10. The relative value of the package of solutions for the 18-month period ending June 30, 2010, is as follows:

Tax increase and other revenues	\$12.7 billion
Spending reductions and fund shifts	22.6 billion
Borrowing	<u>5.4 billion</u>
Value of total package	\$40.7 billion

Among the tax increases are a 1% increase in sales tax through FY 2011/12, an increase in the vehicle license fee (VLF) to 1% through FY 2011/12, and a further increase in the VLF of 0.15% for local public safety programs through FY 2010/11.

On May 19, 2009, California voters went to the polls to decide the fate of six ballot initiatives that are necessary to implement all the provisions of the FY 2009/10 State budget. A key measure was Proposition 1A, which would have changed the State budget process and could have limited future deficits and spending by increasing the size of the State “rainy day” fund, for use during economic downturns and other purposes, and requiring above-average revenues to be deposited into it. If Proposition 1A had passed, the 1% sales tax increase would have remained in effect for one additional year, through FY 2012/13, and the VLF increase would have remained in effect through FY 2012/13.

Even with the adoption of the FY 2009/10 budget package and assuming that all of the propositions on the May 19 ballot had passed, the State would still face multibillion-dollar budget shortfalls in the coming years, for a number of reasons. First, the State’s economic recovery from the recession is expected to be relatively slow. According to the State Department of Finance, the outlook for the California economy is for negative growth in 2009, followed by weak growth in 2010, and better growth in 2011. The State Department of Finance does not expect the economy will improve significantly until credit becomes more readily available. In addition, many of the solutions adopted as part of the FY 2009/10 budget are short-term in nature – meaning that they will not help balance the budget in future years. Consequently, based on current projections, the State will need to adopt billions of dollars in additional spending reductions, tax increases, or other solutions in the coming years.

On May 14, 2009, the Governor issued his May Budget Revise, consisting of two proposals that were contingent on the outcome of the May 19 special election. Because of continuing revenue shortfalls, the State expected to have a \$15.4 billion deficit to resolve in FY 2009/10, even if the voters had

approved the six measures on the May ballot. Because the voters rejected those measures, the State budget deficit is now expected to grow to \$21.3 billion. As a result, the Governor proposes to borrow \$2 billion in property taxes from local government under the provisions of Proposition 1A of 2004, among other things. This appears to be the only impact on local government, but education and social services will likely be further impacted. Neither budget proposal includes taking any property tax increment from redevelopment agencies. While somewhat encouraging, it is important to remember that any budget proposal requires a 2/3 vote of both houses of the State Legislature and the Governor's signature in order to take effect.

Proposition 1A of 2004 provides that the State can borrow 8% of local property taxes no more frequently than twice every 10 years, and the second time only if the first borrowing has been repaid. Each borrowing must be repaid within three years, with interest. For Fremont, 8% of our property taxes (including the "triple-flip" sales tax replacement) is \$5.5 million. The 8% amount is actually measured at the county level, and may be distributed among local agencies in any manner, so long as the total 8% at the countywide level is remitted to the State. That allocation methodology is not yet known. As a result, Fremont's share could actually be more or less than 8%.

State constitutional provisions and State laws approved by the voters limit the State's budget flexibility in solving structural deficits. Voters have "locked in" an increasing share of budgeted expenditures without increasing revenues. Such voter-approved funding commitments are often contradictory but, even worse, they reduce the State's flexibility needed to deal with changing budget circumstances. All of these factors, combined with the need for a two-thirds vote in each house of the Legislature to approve a budget, make it especially difficult for the Governor and the Legislature to reach agreement on the State's budget.

### **Operational Impacts and Challenges**

As the depth and nature of the current crisis have become clearer, it is evident that the City must significantly reevaluate the services provided to the community. City services are provided by employees, and financial instability impacts City staff. Several years ago, the City cut costs by more than 25% and reduced staff by more than 220 positions. These severe reductions in FY 2002/03 created critical public safety and maintenance issues and have hampered our ability to provide optimal administrative support to frontline operations.

The recent economic downturn (the result of the credit market and sub-prime mortgage crises shaking the entire country) and concern about how the State will deal with its own budget gap mean that we do not currently have the resources to staff all of our remaining authorized positions throughout the City. Eleven vacant positions in several departments were frozen in FY 2007/08, and funding for those positions was not included in the FY 2008/09 budget. Those positions have now been permanently eliminated in the FY 2009/10 budget because the likelihood of ever having sufficient funding to fill those positions is extremely remote. In addition, all departments were directed to reduce their budgets by 1% in December 2007, and that savings target is carried forward and made permanent in the proposed appropriations for FY 2009/10.



## Budget Overview

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As the global financial crisis unfolded in FY 2008/09, it also became increasingly apparent that more drastic budget reductions would be needed in order to live within our means. To that end, public safety departments were asked to reduce their budgets by 5% and all other departments were asked to make 10% reductions. Because of declining development activity, Community Development took a reduction of 20% in costs funded by developer fees. We will continue to closely monitor development and permit activity to determine if further reductions are needed.

These budget reductions result in staffing changes in the organization in FY 2009/10. The total authorized staffing Citywide is decreasing from 919.975 fulltime equivalent positions (FTEs) in FY 2008/09 to 846.000 FTEs in FY 2009/10, a decrease of 73.975 FTEs (8%). These position reductions affect all City departments. Although these actions are necessary to help balance the budget, staffing levels for the most basic services – public safety and maintenance – are at their lowest level in at least 18 years when viewed in relation to Fremont’s population. The total City workforce now consists of 3.9 FTEs per 1,000 residents.

This level of budget reductions will have a noticeable impact on the community. There are some services that we simply will not be able to provide. Following is a summary of the more significant reduction impacts:

**Police:** The Police Department is eliminating ten vacant police officer positions and one vacant police captain position, in addition to several non-sworn positions. This means that most shifts will be staffed at safety minimums, rather than service minimums. The community will experience delays in responses to less critical crimes, such as theft or drug- and alcohol-related crimes. To meet the budget reduction target, the Police Department front desk and lobby will now only be open between 8:00 a.m. and 5:00 p.m. Monday through Friday (they are currently open 24 hours a day, 7 days a week). However, there will be a telephone outside the front door with direct access to the Dispatch Center in case of emergency. The Citizen’s Ride-along Program will be eliminated, and National Night Out will be significantly scaled back (and, perhaps, eliminated). In addition, the Street Crimes Unit may be suspended, which will result in significant reductions in proactive arrests and the ability to address crime trends.

**Fire:** The Fire Department is eliminating nine vacant firefighter positions and reducing overtime by scheduling rotating fire station closures (“rolling brownouts”), which means closing stations on days when certain criteria are met so as to not pay overtime to staff vacancies. The station closures will increase response times for fire and emergency medical calls, resulting in the possibility of larger fires and poor outcomes on medical aid calls.

**Community Development:** The Community Development Department uses temporary employees to flex and adjust as building activity increases or falls off, thus allowing a core staffing level to be in place at all times. However, over the last year the department has seen a significant decline in permit activities, and it may take years for development activity to recover and resume at any appreciable level. To deal with this decreased service demand, both temporary and regular positions will be eliminated. These staff reductions may result in slower response times to customer requests. For example, the department will no longer have the capacity to provide back-up services for fire inspections.

**Transportation and Operations:** As a result of significant staff reductions in the Maintenance Division, the community will experience an increase in the deterioration of road conditions, increased illegal dumping and graffiti sightings, more unsightly and worn median landscaping, and overgrown street trees. Medians and trees throughout the community will be noticeably affected. One of the four median maintenance crews and the entire Program Pruning operation for street trees is being eliminated. As a result, property owners will be required to take on the responsibility of maintaining street trees in accordance with City policies. This transfer of responsibility may require the adoption of a new tree policy and ordinance by the City Council. Tree and median crews will continue to provide safety pruning of trees and median landscaping. Because of staff reductions in Building Maintenance, staff will only be able to respond to safety, security and emergency requests. Preventative maintenance, such as gutter cleaning and aging facility preservation work, as well as other non-urgent requests, will be delayed or not responded to at all.

The Transportation Engineering Division will no longer respond to all traffic-related service requests from the public. Instead, they will now respond only to safety-related and legal obligation requests. This approach means that requests for additional signage, crosswalks, and restricted parking will be delayed until the higher priority requests are completed.

**Parks and Recreation:** The community will be affected in a variety of ways by the reduction in staffing in the Park Maintenance Division. Maintenance at Central Park will be significantly reduced, the temporary skate park will not open, lawn edging and leaf blowing cycles will be extended, and trash and litter pick-up schedules will be reduced, potentially resulting in overflowing trash cans and increased citizen complaints. Park equipment repairs will be less timely, and irrigation maintenance will only be conducted when actual breaks occur, rather than proactively, which may result in increased water usage and loss of plant material.

In the Recreation Division, 139 fewer scholarships for low-income families for the summer playground program will be distributed.

**Human Services:** Because of the increased need for Human Services programs during these difficult times, some General Fund costs will be shifted to grant funding sources. Contractual services for database-related work will be transferred to in-house Information Technology Services (ITS) staff rather than using outside consultants. This will mean an increased workload for ITS staff and may result in delays in ITS services to other departments, as well.

**Economic Development:** Much of the work in Economic Development is done using contractors and consultants, so budget reductions are achieved by reducing these contracts. For example, the contract for retail development services will be reduced to specific project work only, resulting in less retail recruitment, attraction, and expansion efforts. In addition, major economic development study and marketing materials will now be completed every other year, rather than annually.

**General Government:** General Government consists of the City Attorney's Office, the City Clerk's Office, the City Manager's Office, the Finance Department, the Human Resources Department, and the Information Technology Services Department, and represents 8.2% of the total General Fund budget. A 10% reduction in all of these operations means delays in providing support services to the line departments, delays in responding to requests from the community, some reduction in capacity to

## Budget Overview

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collect certain revenues, a loss of institutional knowledge, decreased systems reliability, and increased vulnerability to internal control and computing infrastructure threats.

Besides the operational impacts described above, another challenge is the increasing cost of maintaining Fremont's infrastructure, primarily due to three factors. First, as Fremont ages, so does its public infrastructure. The majority of Fremont's public infrastructure was constructed many years ago and now requires either an increased level or frequency of repairs, compounded by not having had adequate resources to spend on street maintenance in the past. Second, as Fremont continues to grow, additional infrastructure is added that must be maintained, further stretching the City's limited maintenance resources. Finally, new requirements result in increased costs. Some of these requirements are voluntary, such as the City's continued move toward greater sustainability. Although sustainability programs such as improved energy efficiency will eventually save money and reduce greenhouse gas emissions, in the near term there are increased transitional costs. Other maintenance requirements, which are regulatory in nature, have increased dramatically over the last few years, and have added significant costs to City operations. In addition to new storm water requirements, the City must comply with new regulations that compel reducing emissions from our fleet (resulting in a diesel engine retrofit program and new hazardous materials controls) and that restrict the type of paint that can be used for pavement signing and striping (resulting in the need to repaint all traffic signs and stripes more frequently).

## Major City Initiatives

Although the City's current economic climate is grim, affecting the breadth and depth of services offered to the community, there are many important initiatives currently underway. These initiatives are important investments in the community's future and position the City well for long-term growth and stability. Notwithstanding the impacts of budget reductions, City staff must continue to do its best to move these important initiatives forward.

***Development:*** There are a number of significant development projects and initiatives underway. These are all important elements of our sales tax diversification strategy.

**Capitol Avenue/Midtown District:** The Capitol Avenue/Midtown District project is a "Main Street" style pedestrian-oriented mixed-use development focused in the area bounded by Fremont Boulevard, Mowry Avenue, Paseo Padre Parkway, and Walnut Avenue. In August 2008, the City entered into a Memorandum of Understanding (MOU) with TMG Partners for planning and development. Staff is currently working with TMG Partners on the development of a Specific Plan/Precise Plan for the Midtown District and associated environmental review. When completed, these documents will provide certainty for developers as to the type of project that can be developed and will help expedite the approval process, saving both time and money.



**Retail Centers:** Pacific Commons is an 880,000 square-foot retail center located at I-880 and Auto Mall Parkway. It is anticipated that re-tenanting of existing vacant spaces and a potential proposal to expand the Center will be the focus of attention in FY 2009/10.

Creekside Landing is a proposed 400,000 square-foot regional shopping center located at I-880 and Dixon Landing Road. The Center is in the final stages of planning review and approval. The upcoming fiscal year will be focused on physical construction and ongoing efforts at retail recruitment, prior to the Center's anticipated opening in the fall of 2010.

**Emerging Technology:** Fremont's biotech and medical device industry cluster continues to grow. In addition to improvements made at Amgen's facility, several small to mid-size life science firms have recently located in Fremont, and staff continues to meet with potential businesses and market local sites. Fremont is also developing a "clean and green" technology cluster that we are actively seeking to expand and promote. The establishment of these various technology clusters promotes business-to-business opportunities, helping both the local businesses and the City's sales tax revenues.

**Local Business Stimulus Package:** In March 2009, the City Council approved a number of measures as part of a Local Business Stimulus Package designed to help existing Fremont businesses and provide incentives to continue to attract new businesses to Fremont during these difficult economic times.

The measures in the Local Business Stimulus Package include the following:

- Reduce Development Impact Fees citywide by 10% until December 31, 2011 by collecting 90% of the fee during this time.
- Reduce Development Impact Fees by 25% within the Central Business District (CBD) until December 31, 2011 by collecting 75% of the fee during this time.
- Change the current practice of collecting Development Impact Fees at time of building permit issuance to collecting fees prior to final inspection or granting of Certificate of Occupancy.
- Exempt clean technology firms from the Business License Tax for a number of years (still to be determined).
- Increase the local business purchasing preference from 2.5% to 5% until December 31, 2010.
- Authorize the City to participate in the Statewide Community Infrastructure Program in order to offer developers an alternative financing program to pay Development Impact Fees.
- Assist qualifying local businesses with creating a Foreign Trade Zone.

In addition, there are a number of other ongoing Economic Development, Redevelopment Agency, and Planning Division activities that will be retooled and/or introduced in the upcoming year as part of the City's concerted effort to provide additional assistance for local businesses. These activities include the following:

## Budget Overview

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- The City's "Shop Fremont" campaign
- Business workshops offered through the Alameda County Small Business Development Center
- The Redevelopment Agency's Commercial Rehabilitation Program
- Partnering with local educational institutions and employment agencies to promote job training and employment resources
- Providing additional promotion of Employment Training Panel funds and Industrial Development Bonds for qualifying businesses
- Updating the Sign Ordinance to allow more leeway and flexibility for businesses to market and promote themselves



***Federal Economic Stimulus:*** President Barack Obama signed the \$787 billion American Recovery and Reinvestment Act (ARRA) of 2009 into law on February 17, 2009. The American Recovery and Reinvestment Act of 2009 is also commonly known as the Federal Stimulus Package. The main objectives of the Federal Stimulus Package are to create jobs and stabilize the economy. ARRA funding is targeted to programs in the areas of health care, energy, infrastructure, education, public safety, transportation, environment, affordable housing, and economic development. In some cases, funding guidelines have been established, and in other cases the guidelines are still being developed.

Staff is actively tracking the status of ARRA implementation and assessing which funding sources are appropriate for Fremont. Generally, funding may be accessed through state and regional agencies (e.g., CalTrans, Metropolitan Transportation Commission), through formula programs administered by federal agencies (e.g., Housing and Urban Development), or through discretionary grant programs administered by federal agencies (e.g., Department of Justice). In some cases, funding is available by formula, and in other cases funding is provided through a competitive process.

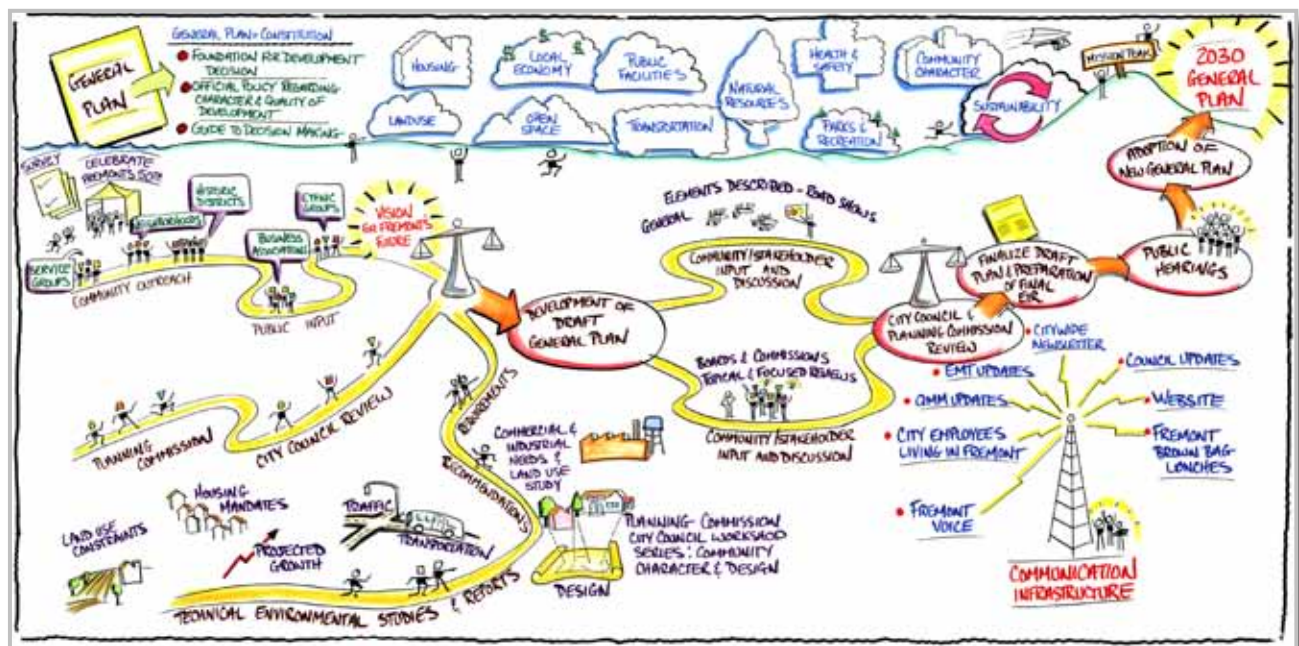
At this time, staff believes Fremont may receive approximately \$9.23 million in ARRA funding, the largest portion of which is \$4.01 million in new funding for street overlays. This infusion of cash will increase total funding for street overlays to \$7.4 million for FY 2008/09. Other significant opportunities include additional CDBG funds, which may be used for capital needs and social services; funding for affordable housing through the Neighborhood Stabilization Program; funding for homelessness prevention; competitive grants to fund police officers (COPS funding); funding for police equipment; and funding for storage buildings at Fire Stations 6 and 11.

In addition to the City applying directly for ARRA funds, there are a number of grants available to businesses that the Office of Economic Development is tracking. Economic Development staff are marketing these funding opportunities to Fremont businesses and working with individual businesses, as appropriate, to ensure they receive their fair share of stimulus funds. Some of the funding opportunities include the following:



- \$636 million for Small Business Administration (SBA) loan programs, including \$30 million for expanding SBA's Microloan program and offering SBA loans of up to \$35,000 for small businesses facing economic hardship.
- \$6 billion from the Innovative Loan Guarantee Program through the U.S. Department of Energy.
- \$3.95 billion for Workforce Investment Act Programs for employee training and development through the U.S. Department of Labor.

**General Plan Update:** State law requires cities to adopt a comprehensive General Plan, which serves as the “constitution” for all future development decisions in the community. In FY 2007/08, the City began working on an update to its General Plan, which was last comprehensively rewritten in 1991. As part of that effort, staff sought extensive community input, completed several technical studies, and held a series of study sessions with the City Council and the Planning Commission on land use policy issues. In FY 2009/10, the Planning Commission and City Council will continue to provide policy direction and establish the vision for the City’s future, and staff will use that information in drafting the General Plan, for consideration and final adoption by the City Council toward the end of the fiscal year.



**Redevelopment:** Several exciting redevelopment projects are underway. All of these projects will help to revitalize the Redevelopment Project Areas and bring new revenue into Fremont.

**Centerville:** One of the largest projects underway in the Centerville district is the Agency-owned Centerville Unified Site, located on a 6.6-acre site along Fremont Boulevard near Thornton Avenue. This year the Agency anticipates selecting a developer for the site, negotiating a disposition and development agreement, and commencing the entitlement process for a new development. This development



## Budget Overview

will be a public/private partnership between the selected developer and the Redevelopment Agency, focused on creating a mix of uses and featuring architectural design consistent with the character of Centerville.

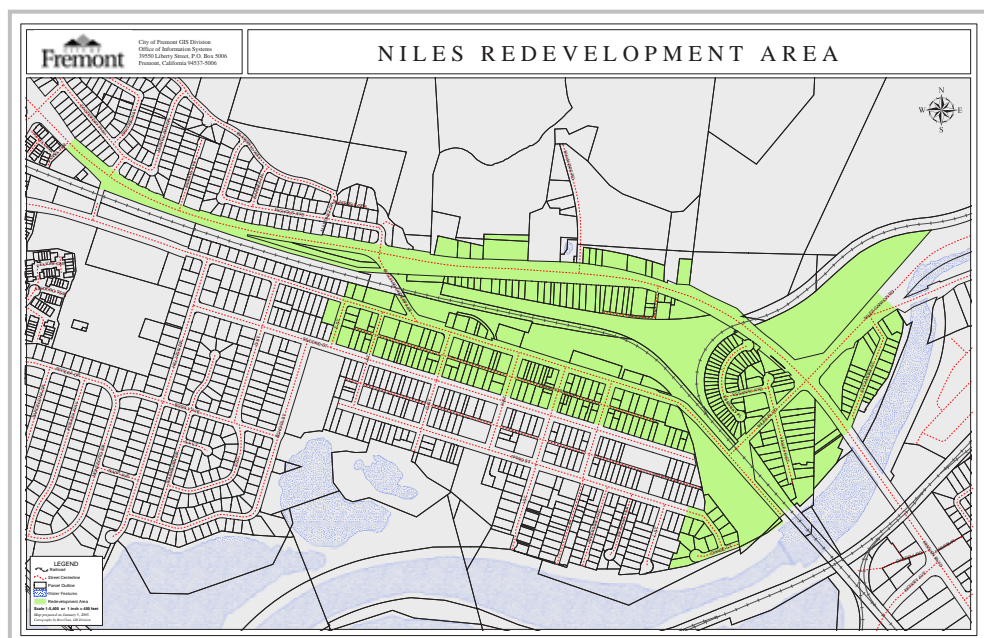
**Irvington:** The Washington Boulevard and Paseo Padre Parkway Grade Separation is the largest redevelopment project in the Irvington district. This \$111 million project, which will build an overpass on Washington Boulevard and an underpass on Paseo Padre Parkway to separate car, bicycle, and pedestrian traffic from railroad crossings, is described in detail in the Capital Projects section of this overview.

The Bay Street Streetscape and Parking Project is one of the cornerstones for Irvington's revitalization. The project was initiated to transform the street environment for this three-block stretch of Bay Street to support existing, and create new, commercial and residential mixed uses, as well as to encourage other public and private investments in and around the Five Corners area in Irvington. Construction of the parking lot was completed in spring 2008. Utility undergrounding, followed by streetscape improvements, will be completed in 2009.

The Grimmer Greenbelt Gateway project contemplates creating a meandering landscaped pedestrian and bicycle path from Fremont Boulevard across Paseo Padre Parkway to Central Park. Development of the preliminary design, cost estimates, and a construction phasing plan will occur in FY 2009/10.

**Niles:** The 138-acre Niles Redevelopment Project Area is located at the western edge of Niles Canyon, near the intersection of Niles and Mission Boulevards. For the past several years, staff has been working with the community on the development of the Niles Town Plaza. Located on the north side of Niles Boulevard on an approximately two-acre portion of the former Union Pacific (UP) Railyard Property, at H and I Streets, the \$7.25 million Town Plaza will consist of landscape improvements, a fountain, an amphitheater and stage area, and two rehabilitated historic railroad buildings. Environmental remediation of the property is complete and construction is underway, with a scheduled completion date of fall 2009.

In conjunction with the redevelopment of the former UP property and its environs, the Redevelopment Agency will continue the design and development of a pedestrian link connecting the former UP property and Niles historic commercial core to the more visible Niles Canyon Railway passenger boarding/disembarkation platform and Mission Boulevard. The first



step in this project is to identify the optimal location and type (e.g., pedestrian bridge, at-grade railroad crossing) of connection and determine the cost of construction.

The next phase of work is to complete environmental remediation of the remaining portion of the UP site in preparation for future redevelopment, and to initiate a community participation process concerning redevelopment plans for this site and City-owned parking lots adjacent to the proposed Niles Town Plaza.

**Proposed Plan Amendment:** The primary source of funding for the Redevelopment Agency is tax increment generated from the Industrial Redevelopment Project Area. It is now estimated that the current \$400 million cap on the receipt of Industrial Area tax increment will not be sufficient to provide the needed funding for the projects identified in the 1998 plan amendment. Current estimates indicate that the existing \$400 million cap will be reached in FY 2011/12.

In July 2007, staff began working on a plan amendment to increase the tax increment revenue cap. It is anticipated the plan amendment process will be completed by the end of 2009. The successful completion of the plan amendment process will increase the resources available to the Agency for both housing and non-housing activities.

***Capital Projects:*** Despite the challenges in the City's General Fund, we continue to work on a variety of major capital projects. These projects can proceed because, for the most part, they do not rely on the City's General Fund. Rather, their funding comes from such sources as redevelopment tax increment, traffic impact fees, State and regional sources, and the Fire Safety Bond (Measure R) approved by Fremont voters in 2002.

**Grade Separation Project:** The \$111 million Washington Boulevard/Paseo Padre Parkway Grade Separation Project in the Irvington District is the largest public works project undertaken in the City's history. The project includes building an overpass on Washington Boulevard between Bruce Drive and Roberts Avenue and an underpass on Paseo Padre Parkway between Shadowbrooke Common and Hancock Drive to separate car, bicycle, and pedestrian traffic from railroad crossings. The project also includes the relocation of about 1.5 miles of the active Union Pacific (UP) railroad tracks up to 500 feet to the east of where they are now in the area between Paseo Padre Parkway and Washington Boulevard.



## Budget Overview

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The Grade Separation Project will benefit Fremont in a number of ways. First, it will facilitate the future BART extension to Warm Springs and San Jose by allowing the BART trains to travel at-grade once they emerge from underneath Central Park and Lake Elizabeth. Keeping trains at-grade is both less expensive for BART and less disruptive for residents and businesses near the BART tracks. Second, the project will improve safety, reduce traffic delays, and eliminate the need for freight trains to sound their horns when approaching and crossing Washington Boulevard, High Street, Main Street and Paseo Padre Parkway (the train crossings at High and Main Streets have been eliminated by the relocation of the UP tracks). In turn, eliminating traffic backups at train crossings will help reduce cut-through traffic on neighborhood streets and improve safety in the area by separating pedestrians, bicycles and vehicles from the railroad tracks.

The City has committed \$42.8 million in redevelopment funds and traffic impact fees to the project. The remaining \$68 million has been secured from State and regional sources like the State Grade Separation account, Alameda County Congestion Management Agency (CMA), bridge tolls, the County's Measure B half-cent sales tax, and a partnership with BART to bring in State Traffic Congestion Relief funds. The \$48.1 million main construction contract was awarded in March 2007, and construction began in May 2007. Construction had been scheduled to last until late 2010 or early 2011. However, construction is now more than 75% complete and the contractor is projecting a completion date of late 2009, a year ahead of schedule, and within budget.

**Pavement Overlay Project:** This summer, the City of Fremont will use \$4.01 million of American Recovery and Reinvestment Act (ARRA) funds, supplemented with \$800,000 of additional funding, to rehabilitate 13 street segments of arterials and collectors, for a total length of 4.3 road miles. The work will involve repairing failed areas, grinding existing pavement and overlaying with asphalt concrete, constructing new curb ramps, installing bike lanes, and replacing signing and striping. This project will restore the worn pavement to full serviceability by correcting the unavoidable deterioration of pavement caused by age, truck traffic, sunlight, rain and irrigation. The City of Fremont is working in partnership with the Alameda County Congestion Management Agency (ACCMA) and CalTrans to ensure that this project meets all the requirements of the ARRA funding. Construction plans for the project are complete and the City expects to receive final funding approval in May 2009. The estimated construction cost for this project is \$7.2 million. The remaining cost for the project will be funded through road construction specific funding sources.



**Fire Safety Bond Projects:** In November 2002, Fremont voters approved Measure R by 74.4%, thereby authorizing the City to issue \$51 million in general obligation bonds, to be repaid by a property tax levy. Proceeds from these bonds are to be used to replace three fire stations, build public safety training facilities, and make remodeling and seismic improvements to seven existing fire stations. To date, all \$51 million in bonds has been issued, and new Station 8 in North Fremont and Station 6 in Centerville have been completed. New Station 2 in Niles is currently under construction and is approximately 55% complete. In addition to Fire Safety Bond proceeds, \$1.5 million in redevelopment funds has been allocated to Station 2 so that it can be relocated from its existing site on Second Street





near H Street to a site at the corner of Niles Boulevard and G Street, as a means of helping revitalize the Niles Redevelopment Project Area.

Of the stations being remodeled, six are complete (Station 1 in the Central Business District, Station 4 at Pine Street and Paseo Padre Parkway, Station 5 in Warm Springs, Station 7 at Grimmer Boulevard and Auto Mall Parkway, Station 9 at Stevenson Place, and Station 10 in Ardenwood). The remodel of Station 3 in Irvington, which will be the last fire station project, is planned to commence later this year. The public safety training facilities consist of a Police firing range, Fire training classrooms, and a Fire tactical training facility. The Fire training classrooms, which were part of the Building A Fire Administration project (funded with non-fire bond money), were completed in April 2009. The Police firing range began construction in April and is scheduled to be complete in early 2010. The Fire tactical training facility began construction in May 2009 and is scheduled to be completed in May 2010.

**Fire Station 11:** After closing a temporary station in 2003 and putting plans for building a permanent station on hold, we are once again able to move forward with opening this fire station in the Industrial Area, west of I-880. This area had previously been served by fire stations on the other side of the freeway. As this area continues to grow and develop, having a fire station in closer proximity becomes increasingly important. The temporary station opened in June 2008, and is staffed by firefighters funded, in part, by a \$1 million SAFER grant from the U.S. Department of Homeland Security. Construction of the permanent fire station is being funded by certificates of participation (COPs) that were issued in the fall of 2008. Construction is scheduled to be complete by the end of 2010.

**Aqua Adventure Waterpark:** The new family waterpark in Central Park, “Aqua Adventure,” opened on schedule on May 23, 2009. This facility replaces the old swim lagoon and is a significant investment for the community. It was made possible with a combination of funding sources, including State Propositions 12 and 40, significant grants from The Candle Lighters and Fremont Bank Foundation, and resources from the City’s Recreation Cost Center. No General Fund money has been expended on this project, and it is anticipated the waterpark will be self-supporting. This is a significant addition to the menu of recreation opportunities for the community.



## Budget Overview

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### Conclusion

Like all California cities, Fremont continues to be faced with the challenge of finding new ways to maximize service delivery to the community even as we are faced with the need to reduce costs in an uncertain economy. We are fortunate that people here care deeply about their community and local leaders are committed to ensuring Fremont's bright future. They want to help, they want to participate, they want to maintain Fremont as a safe place in which to raise their families, and they want to leave a legacy for future generations. Our role as an organization is to continue to find effective ways to work with our residents and business community to ensure that Fremont remains a special place where people want to live, work, and play now and in the future.

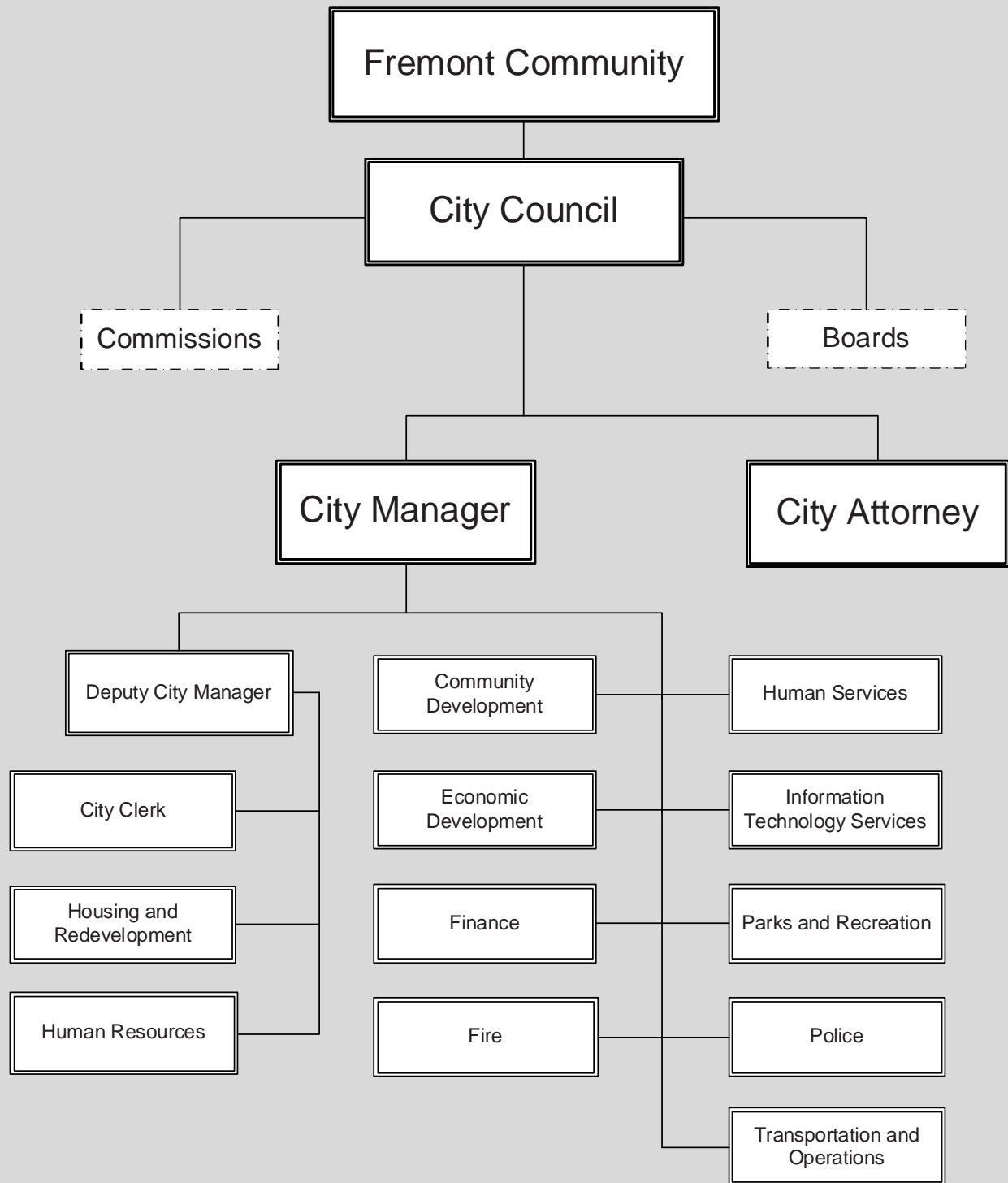
A handwritten signature in black ink, appearing to read "Fred Diaz". The signature is fluid and cursive, with a large loop at the end.

Fred Diaz

City Manager

# Summary Information

## City of Fremont Organization Chart Fiscal Year 2009/10





## City of Fremont, California Regional View



## City of Fremont Profile

### History

Fremont's rich heritage can be traced to the Ohlones, natives of the land, and to the Spanish priests who established Mission San Jose, the first Spanish mission located inland. Since those early days, Fremont's rich soil, central location, and excellent climate have continued to attract newcomers to this area. In the mid-1840's, John C. Fremont mapped a trail through Mission Pass to provide access for American settlers into the southeastern San Francisco Bay Area. During the Gold Rush era, the Mission area attracted miners headed for the California gold fields. Governor Leland Stanford acquired land in the Warm Springs area, where he planted vineyards and built one of the first wineries in the state. The Niles district made history when the last tracks needed to connect the transcontinental railroad were laid there. Further acclaim came to Niles when Charlie Chaplin filmed "The Tramp" at the Essanay Movie Studio there. In 1853, Washington Township was established and included the communities of Mission San Jose, Centerville, Niles, Irvington, and Warm Springs. On January 23, 1956, these communities joined to form the City of Fremont.



### Quality of Life

Fremont, located in southern Alameda County, stretches from the San Francisco Bay to the top of Mission Peak above historic Mission San Jose in the east. With a population of over 215,000, Fremont is the fourth largest city in the San Francisco Bay Area and ranks 96th among the most populous cities in the nation according to the California State Department of Finance. Fremont is approximately 92 square miles in size and includes the 450-acre Central Park and 80-acre Lake Elizabeth, along with 51 other parks, five community centers, and extensive sports facilities. Fremont is also home to the Don Edwards San Francisco Bay National Wildlife Refuge, adjacent to Coyote Hills Regional Park.

Fremont enjoys a high rate of home ownership, a low crime rate, and a quality of life that is considered to be one of the best in the United States. For example, Fremont was rated as the best place in which to raise healthy children in the nation, and Men's Health magazine rated Fremont #1 in the nation for men's health. Fremont residents can expect a first-rate menu of local services, including a highly rated public education system, excellent public safety program, and a vast array of recreation, park, and other leisure activities. In addition to beautiful parks and extensive recreational facilities, Fremont is easily accessible to three international airports, several major educational institutions, the Bay Area Rapid Transit (BART) system, and professional sports and cultural opportunities. Fremont is also home to Washington Hospital, a community asset for over 50 years.

## Summary Information | City of Fremont Profile



Population: 215,636

Elevation: 56 feet

### Government

Incorporated January 23, 1956

Fremont is a General Law Council/Manager City governed by a five-member City Council with a directly elected Mayor, all elected at large.

Number of Directly-Elected Mayors (since 1978): 6

Number of City Managers since Incorporation: 7

#### Full-time Employees FY 2009/10<sup>1</sup>

Community Development	99.275
Economic Development	4.575
Fire	152.000
General Government	74.470
Housing & Redevelopment	11.925
Human Services	51.800
Parks & Recreation	61.850
Police	287.000
Transportation & Operations	103.105
<b>Total</b>	<b>846.000</b>

### Demographics

#### Population

1956	22,443
1960	43,634
1970	102,321
1980	127,454
1990	173,116
2000	203,413
2008 <sup>2</sup>	215,636

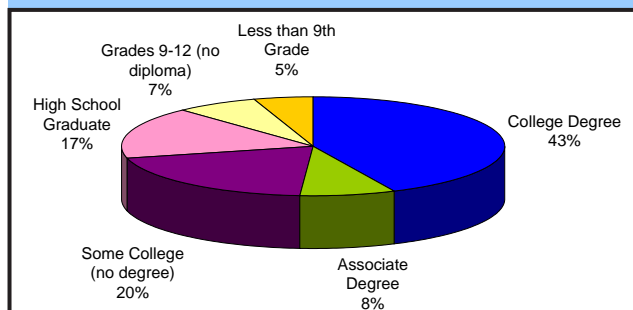
Land Area: 92 square miles

#### Climate<sup>3</sup>

Average Temperature: 60°F (15.6°C)

Avg. Annual Precipitation: 14.85"

#### Level of Educational Attainment (of people 25 years and older)<sup>4</sup>

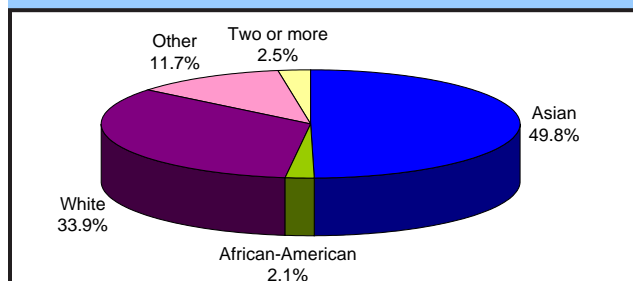


Median Age<sup>4</sup>: 35

Mean Household Income (2008 projection)<sup>5</sup>: \$113,993

#### Racial Composition<sup>4</sup>

(Hispanic/Latino may be of any race)



### Business

Major Employers (listed in order of number of employees)<sup>5</sup>

New United Motor Mfg. (NUMMI)  
 Washington Hospital  
 Fremont Unified School District (FUSD)  
 Smart Modular  
 Boston Scientific/Target  
 Seagate  
 Western Digital  
 AXT Incorporated  
 Lam Research Corporation  
 Office Depot  
 Oplink Communications  
 City of Fremont  
 Avanex  
 Sysco Food Services  
 Synnex  
 Kaiser Permanente Medical Group  
 Palto Alto Medical Foundation  
 ESS Technology  
 Mattson Technology Inc.  
 Solyndra

### Community Services

City Resources	
Family Resource Center	1
Parks	52
Senior Center	1
Community Centers	5
Fire Stations	11

### Education

Fremont Unified School District (FUSD) has:

- 29 elementary schools
- 5 junior high schools
- 5 high schools
- 1 continuation school

FUSD Average SAT I Score<sup>7</sup>: 1724

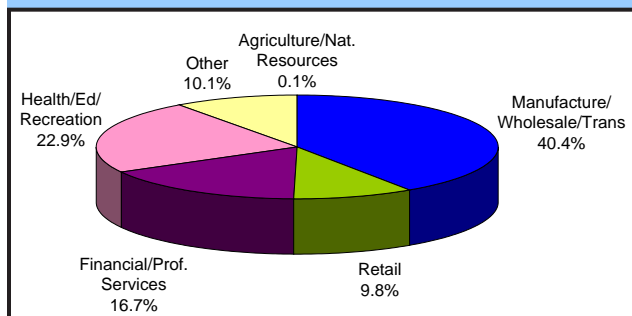
Percentage of FUSD graduates attending<sup>8</sup>:

- University of California: 21.1%
- California State University: 15.2%

Ohlone College is a public, two-year, open-admission community college with an average enrollment of 18,000 students per year<sup>9</sup>.

Distribution of Jobs by Major Employment Sections (2007 projection)<sup>6</sup>

Total Jobs = 93,950



## Summary Information | City of Fremont Profile

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### Services by Other Governmental Units

Education:	Fremont Unified School District and Fremont-Newark Community College District
Flood:	Alameda County Flood Control and Water Conservation District
Parks:	East Bay Regional Park District
Public Transportation:	Bay Area Rapid Transit District, Alameda-Contra Costa Transit District, ACE Train, and Capitol Corridor Train
Sewer:	Union Sanitary District
Gas and Electricity:	Pacific Gas and Electric
Water:	Alameda County Water District

### Notes

<sup>1</sup> FY 2009/10 Adopted Operating Budget, City of Fremont

<sup>2</sup> California State Department of Finance

<sup>3</sup> The Weather Channel

<sup>4</sup> U.S. Census 2000

<sup>5</sup> City of Fremont, Economic Development Department

<sup>6</sup> Association of Bay Area Governments (ABAG)

<sup>7</sup> California Department of Education

<sup>8</sup> California Postsecondary Education Commission

<sup>9</sup> Ohlone College, Office of College Relations

## All City Funds Schedule

The Summary of All Funds schedule on the following page groups the City's funds into five categories:

- General Fund
- Cost Center/Internal Service
- Special Revenue
- Redevelopment (RDA)
- Capital

The first three categories include the City's operating funds, and the last two are special purpose fund categories. Funding for most of the City operations and most of its services comes from the first three fund categories.

The Fremont Redevelopment Agency's budget is adopted separately by the City Council when it sits as the governing board of the Redevelopment Agency. The budget for Capital funds is reviewed and adopted by the City Council as part of the Capital Improvement Program (CIP).

The Summary of All Funds schedule consolidates all funds Citywide and presents the total available resources and total use of resources, including beginning fund balances, revenues, expenditures, "transfers in," and "transfers out." This consolidation is achieved by eliminating all transfers between funds that are within the same fund category and all internal service fund charge transfers. Such eliminations are similar to those made to produce the City's government-wide financial statements, as mandated by Governmental Accounting Standards Board (GASB) Statement 34. These eliminations avoid the double counting that would otherwise occur if these proposed transactions were shown as either additional transfers or as additional revenues and expenditures. Therefore, the "Total Revenues" and "Total Expenditures" lines for all funds present the true budgeted revenues and expenditures expected to be received and spent by the entire organization.

Please refer to the General Fund section and the Other Funds section of this document for more information.



## Summary Information | All City Funds Schedule

Summary of All Funds						
(Thousands of Dollars)	Total General Fund	Cost Center/ Internal Service Funds	Special Revenue Funds	RDA Funds	Capital Funds	Total All Funds
<b>Revenues</b>						
<b>Intergovernmental:</b>						
Property Taxes	\$ 46,481	\$ -	\$ -	\$ 36,328	\$ -	\$ 82,809
Property Taxes (VLF Replacement)	15,740	-	-	-	-	15,740
Triple Flip - Sales Tax Replacement	8,163	-	-	-	-	8,163
Sales and Use Taxes	24,231	-	736	-	-	24,967
Vehicle License Fees	600	-	-	-	-	600
Other Intergovernmental	255	-	7,955	-	7,046	15,256
Business License Taxes	7,000	-	-	-	-	7,000
Hotel/Motel Taxes	3,259	-	-	-	-	3,259
Property Transfer Taxes	874	-	-	-	-	874
Franchise Fees	8,439	-	-	-	-	8,439
Charges for Services	4,794	21,877	6,865	-	-	33,536
Fines	3,060	-	-	-	-	3,060
Investment Earnings	1,600	712	42	1,937	2,441	6,732
Paramedic Fees	1,104	-	-	-	-	1,104
Other Revenues	1,275	496	1,349	50	3,515	6,685
<b>Total Revenues</b>	<b>126,875</b>	<b>23,085</b>	<b>16,947</b>	<b>38,315</b>	<b>13,002</b>	<b>218,224</b>
Total Transfers In	5,244	5,145	188	-	8,480	19,057
<b>Resources Available: (Revenues plus Total Transfers In)</b>	<b>132,119</b>	<b>28,230</b>	<b>17,135</b>	<b>38,315</b>	<b>21,482</b>	<b>237,281</b>
<b>Expenditures</b>						
General Government	11,161	-	-	-	-	11,161
Police	53,814	-	1,396	-	-	55,210
Fire	31,150	-	752	-	-	31,902
Transportation and Operations	15,185	1,952	6,909	-	1,200	25,246
Community Development:						
Planning	-	4,016	-	-	-	4,016
Building and Safety	-	4,950	-	-	-	4,950
Engineering	-	6,405	-	-	-	6,405
Community Preservation	746	-	85	-	-	831
Housing and Redevelopment	-	-	560	26,070	-	26,630
Human Services	3,516	636	7,578	-	-	11,730
Parks and Recreation	4,711	7,244	191	-	-	12,146
Non-departmental	2,959	(673)	600	-	7,772	10,658
Less: Citywide Savings	(1,500)					(1,500)
Debt Costs	500	-	825	4,878	7,730	13,933
<b>Total Expenditures</b>	<b>122,242</b>	<b>24,530</b>	<b>18,896</b>	<b>30,948</b>	<b>16,702</b>	<b>213,318</b>
Total Transfers Out	13,425	3,462	946	269	955	19,057
<b>Resources Used: (Expenditures plus Operating Transfers Out)</b>	<b>135,667</b>	<b>27,992</b>	<b>19,842</b>	<b>31,217</b>	<b>17,657</b>	<b>232,375</b>
<b>Net Results of Operations: (Resources Available less Resources Used)</b>	<b>(3,548)</b>	<b>238</b>	<b>(2,707)</b>	<b>7,098</b>	<b>3,825</b>	<b>4,906</b>
Use of Budget Uncertainty Reserve	-	-	-	-	-	-
<b>Beginning Fund Balance - 6/30/09 (est.)</b>	<b>25,857</b>	<b>11,097</b>	<b>13,520</b>	<b>19,321</b>	<b>17,113</b>	<b>86,908</b>
<b>Fund Balance - 6/30/10 (est.)</b>	<b>\$ 22,309</b>	<b>\$ 11,335</b>	<b>\$ 10,813</b>	<b>\$ 26,419</b>	<b>\$ 20,938</b>	<b>\$ 91,814</b>

## Citywide Position Changes Overview

The total authorized permanent staffing level for FY 2009/10 represents a significant decrease of 73.975 full time equivalent (FTE) positions. With the new fiscal year, staffing in many departments will be at their lowest level in over 15 years. Staffing levels for the most basic services – Police, Fire, and Maintenance – will be at their lowest level in at least 18 years when Fremont’s population growth during the same period is taken into account.

The authorized level of 846.0 FTEs is 8% lower than the FY 2008/09 level of 919.975. The decreases occur across most City departments. A detailed list of citywide position changes can be found on pages 30-31. In addition, a detailed summary of position eliminations by position, by department can be found on pages 203–205.

	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>
<b><u>PUBLIC SAFETY</u></b>						
Fire	153.00	153.00	153.00	161.00	161.000	<b>152.000</b>
Police	299.10	294.00	294.00	302.00	302.000	<b>287.000</b>
<b>TOTAL</b>	<b>452.10</b>	<b>447.00</b>	<b>447.00</b>	<b>463.00</b>	<b>463.000</b>	<b>439.000</b>
<b><u>OTHER COMMUNITY SERVICES</u></b>						
Community Development	102.90	105.10	106.42	108.30	113.500	<b>99.275</b>
Economic Development	4.75	4.64	4.64	4.69	4.675	<b>4.575</b>
Human Services	40.67	43.97	43.97	52.32	52.800	<b>51.800</b>
Transportation and Operations	116.15	113.40	112.90	116.15	116.025	<b>103.105</b>
Parks and Recreation	68.85	67.35	67.35	67.35	69.350	<b>61.850</b>
Housing and Redevelopment	14.68	14.54	13.99	12.91	13.725	<b>11.925</b>
<b>TOTAL</b>	<b>348.00</b>	<b>349.00</b>	<b>349.27</b>	<b>361.72</b>	<b>370.075</b>	<b>332.530</b>
<b><u>ADMINISTRATIVE SYSTEMS</u></b>						
City Manager's Office	3.00	3.00	2.40	3.00	2.750	<b>1.750</b>
Administrative Systems Office	6.50	5.30	5.30	4.70	4.700	<b>3.500</b>
City Attorney	11.00	10.75	10.75	10.75	10.500	<b>9.420</b>
City Clerk	7.40	6.40	6.30	5.30	5.300	<b>4.250</b>
Finance	26.40	25.75	25.75	24.75	24.750	<b>21.650</b>
Information Technology Services	20.40	20.40	20.40	21.90	21.900	<b>19.900</b>
Human Resources	17.50	17.00	17.00	17.00	17.000	<b>14.000</b>
<b>TOTAL</b>	<b>92.20</b>	<b>88.60</b>	<b>87.90</b>	<b>87.40</b>	<b>86.900</b>	<b>74.470</b>
<b>CITYWIDE TOTAL</b>	<b>892.30</b>	<b>884.60</b>	<b>884.17</b>	<b>912.12</b>	<b>919.975</b>	<b>846.000</b>

## Summary Information | Citywide Position Changes

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The FY 2009/10 budget contains 846.00 full-time equivalent (FTE) permanent positions, a decrease of 73.975, or 8%, from the level in the adopted FY 2008/09 budget. Detailed information on departmental FTE changes may be found in the Staffing section of this document.

### **General Fund Positions Eliminated**

Assistant Finance Director	1.00
Benefits/Payroll Manager	1.00
Benefits/Payroll Supervisor	1.00
Building Maintenance Worker II	2.00
Community Service Officer	1.00
Deputy City Manager	1.00
Finance Operations Supervisor	1.00
Firefighter	9.00
Intergovernmental Relations Manager	1.00
Legal Secretary	1.00
Management Analyst II	1.00
Office Specialist II	5.00
Park Equipment Mechanic	1.00
Park Field Supervisor	1.00
Park Maintenance Worker I	5.00
Park Maintenance Worker II	5.00
Police Captain	1.00
Police Officer	10.00
Revenue Collector/Auditor	1.00
Street Maintenance Worker I	1.00
Street Maintenance Worker II	1.00
Traffic Enforcement Project Manager	1.00
<b>Subtotal (General Fund)</b>	<b>52.00</b>

**Special Revenue Fund Positions Eliminated**

Associate Civil Engineer	2.250
Associate Planner	1.000
Building & Safety Manager	1.000
Building Inspector Specialist	1.000
Civil Engineer II	1.125
Construction Materials Inspector	1.000
Facility & Supply Specialist	1.000
Office Specialist I	1.000
Office Specialist II	2.000
Park Planning Manager	1.000
Real Property Agent	0.100
Redevelopment and Housing Project Mgr	1.000
Senior Accounting Specialist	0.500
Senior Civil Engineer	2.000
Senior Structural Plan Check Engineer	1.000
Supervising Building Inspector	1.000
Supervising Construction Coordinator	1.000
Systems Analyst/Programmer	2.000
Zoning Technician	1.000
<b>Subtotal (Special Revenue Funds)</b>	<b>21.975</b>
<b>Total (All Regular Positions)</b>	<b>73.975</b>
Temporary Positions	29.000

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## City Debt Summary

Cities have primarily three choices in financing their operations and funding public facilities: pay-as-you-go, debt financing, and public-private ventures. The City has adopted a Long-Term Capital Debt Policy that sets the guidelines for issuing debt and provides guidance in the timing and structuring of long-term debt commitments. The City will consider the issuance of long-term debt obligations only under the conditions outlined in the policy displayed in the Policies & Glossary section of this document. Current and future planned debt payments affecting the operating budget are detailed on the “transfers summary” located in the General Fund section of this budget.

With respect to the Redevelopment Agency debt, staff is monitoring the collection of tax increment to ensure that all bonds are repaid when the tax increment cap is reached (currently projected to be FY 2011/12). The Redevelopment Agency Bonds contain call provisions, beginning in FY 2006/07, to ensure that all bonded indebtedness is repaid prior to reaching the tax increment cap. All of the taxable housing bonds were called in FY 2008/09.

The following charts summarize the City’s existing long-term debt and future debt obligations related to that existing debt.

<b>Debt Outstanding - Fiscal Years Ending 2008 and 2009</b>		
<b>Redevelopment Agency</b>	<b><u>2008</u></b>	<b><u>2009</u></b>
Bonds, Series 2004 (refi of 2000)	\$29,940,000	\$26,070,000
Taxable Housing Bonds	11,825,000	-
<b>Total Tax Allocation Bonds</b>	<b>\$41,765,000</b>	<b>\$26,070,000</b>
<b>General Obligation Bonds</b>		
General Obligation Bonds, Election of 2002 Series A	9,220,000	9,000,000
General Obligation Bonds, Election of 2002 Series B	25,000,000	25,000,000
General Obligation Bonds, Election of 2002 Series C	-	16,000,000
<b>Total General Obligation Bonds</b>	<b>\$34,220,000</b>	<b>\$50,000,000</b>
City's Certificates of Participation - General Fund		
1990 Public Financing Authority	3,850,000	-
1991 Public Financing Authority	3,600,000	-
1998 Public Financing Authority	15,935,000	15,340,000
2001 Public Financing Authority	31,345,000	30,540,000
2001B Public Financing Authority	8,380,000	8,000,000
2002 Public Financing Authority	33,365,000	-
2003 Public Financing Authority	19,405,000	-
2008 Public Financing Authority (refi of 1990, 1991, 2002, 2003 COPs)	-	76,360,000
<b>Subtotal</b>	<b>\$115,880,000</b>	<b>\$130,240,000</b>
<b>1998 Public Financing Authority (Fremont Family Resource Center)</b>	<b>\$10,560,000</b>	<b>\$10,270,000</b>
<b>Total Certificates of Participation</b>	<b>\$126,440,000</b>	<b>\$140,510,000</b>
<b>Total Tax Allocation Bonds, General Obligation Bonds, and Certificates of Participation</b>	<b>\$202,425,000</b>	<b>\$216,580,000</b>

## Summary Information | City Debt Summary

### Annual Debt Service Requirements

	<u>City's Certificates</u>	<u>City's Certificates</u>	<u>General</u>	<u>General</u>	<u>General</u>	
	<u>of Participation -</u>	<u>of Participation -</u>	<u>Obligation Bonds</u>	<u>Obligation Bonds</u>	<u>Obligation Bonds</u>	
	<u>Source of Payment</u>	<u>Source of Payment</u>	<u>Election of 2002</u>	<u>Election of 2002</u>	<u>Election of 2002</u>	
	<u>General Fund</u>	<u>Family Resource</u>	<u>Election of 2002</u>	<u>Election of 2002</u>	<u>Election of 2002</u>	<u>Redevelopment</u>
	<u>Center</u>	<u>Series A</u>	<u>Series B</u>	<u>Series C</u>		
FY 2009/10	\$7,730,886	\$764,918	\$604,118	\$1,647,560	\$742,122	\$4,878,041
FY 2010/11	8,507,140	765,435	597,967	1,659,185	1,030,075	4,871,419
FY 2011/12	8,515,964	771,262	596,118	1,669,760	1,028,125	4,865,031
FY 2012/13	8,529,726	773,837	598,207	1,679,285	1,025,275	4,855,500
FY 2013/14	8,539,234	776,664	599,592	1,692,276	1,027,925	4,851,600
Thereafter	170,514,725	11,668,176	11,333,168	35,214,491	25,788,331	4,850,100
<b>Total Principal &amp;</b>						
<b>Interest</b>	212,337,675	15,520,292	14,329,170	43,562,557	30,641,853	29,171,691
Less Interest	(82,097,675)	(5,250,292)	(5,329,170)	(18,562,557)	(14,641,853)	(3,101,691)
<b>Total Principal</b>	<b>\$130,240,000</b>	<b>\$10,270,000</b>	<b>\$9,000,000</b>	<b>\$25,000,000</b>	<b>\$16,000,000</b>	<b>\$26,070,000</b>

### Legal Debt Margin

Under State law, the City has a legal debt limitation not to exceed 15% of the total assessed valuation of taxable property within the City boundaries. In accordance with California Government Code section 43605, only the City's general obligation bonds are subject to the legal debt limit. With only \$50,000,000 of outstanding debt subject to the legal debt limit and a legal debt limit of \$4,764,739,655, the City is not at risk of exceeding its legal debt limit.

### Computation of Legal Debt Margin as of June 30, 2008

Assessed Valuation (Net) <sup>1</sup>	<u>\$31,764,931,032</u>
Debt Limit: 15% of Assessed Value	4,764,739,655
Less Outstanding Debt (Subject to Legal Debt Limit)	<u>50,000,000</u>
Legal Debt Margin	<u>\$4,714,739,655</u>

<sup>1</sup>Source: Alameda County-Controller's Office Certification.

### Compliance with Long-Term Capital Debt Policy

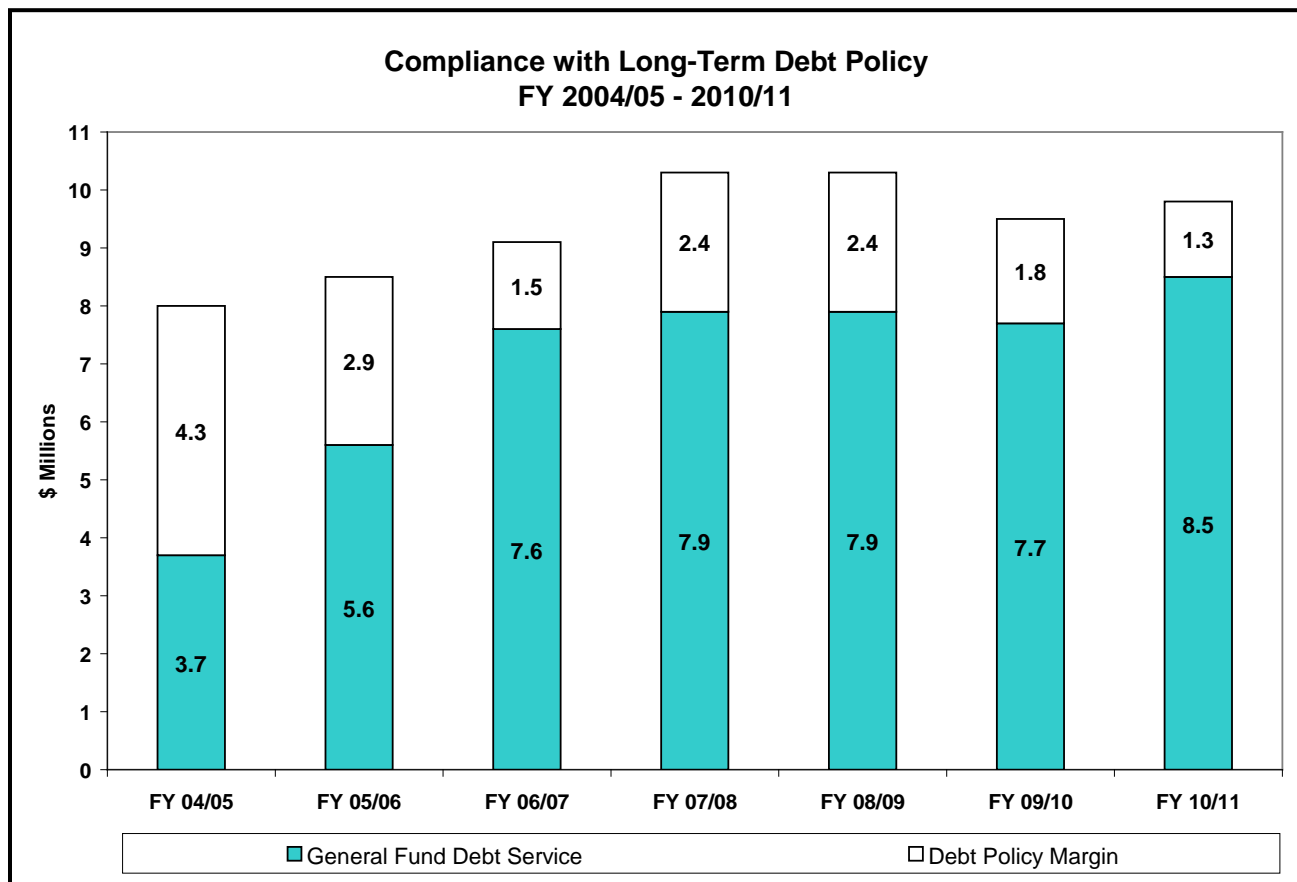
The City of Fremont's Long-Term Capital Debt Policy, adopted by the City Council on May 7, 1996, and revised and readopted with the CIP on July 8, 1998, requires that General Fund supported debt service not exceed 7% of total General Fund budgeted expenditures and transfers out. With FY 2009/10 General Fund supported debt service of \$7,730,886, and a debt level limit of \$9,496,690, the City has not exceeded its debt service limit.

### Computation of Compliance with Debt Service Limit

Total General Fund Budgeted Expenditures and Transfers Out	<u>\$135,667,000</u>
Policy Debt Level Limit:	
7% of Total Budgeted Expenditures and Transfers Out	9,496,690
Less General Fund Supported Debt Service	<u>7,730,886</u>
Policy Debt Margin	<u>\$1,765,804</u>

### Compliance with Long-Term Capital Debt Policy

The City's Long-Term Capital Debt Policy limits General Fund-supported debt to a maximum of 7% of total General Fund budgeted expenditures and transfers out. The City has been in compliance with this policy since it was adopted by the City Council in 1996. The forecast for long-term debt indicates that the City will remain in compliance and will not exceed 7% of total General Fund budgeted expenditures and transfers out. Over the next two years, the average General Fund-supported debt will be \$8.1 million. The FY 2009/10-FY 2013/14 CIP includes additional debt-funded projects. Because of the timing of the issuance of debt and the timing of commencement of debt service payments, staff believes the City will continue to be in compliance with the Council's Long-Term Debt Policy.



## Gann Limit

Article XIII B of the California Constitution (enacted with the passage of Proposition 4 in 1979, with modifications under Proposition 111 passed in June 1990 and implemented by California Government Code sections 7900, and following) provides the basis for the Gann appropriation limitation. In brief, the City's appropriations growth rate is limited to changes in population and either the change in California per capita income or the change in the local assessment roll due to new, non-residential construction.

The formula to be used in calculating the growth rate is:

$$\begin{array}{c} \frac{\% \text{ change in population} + 100}{100} \\ \text{times} \\ \text{either} \\ \frac{\% \text{ change in per capita income} + 100}{100} \\ \text{or} \\ \frac{\% \text{ change in non-residential assessed value} + 100}{100} \end{array}$$

The resultant rate times the previous appropriation limit equals the new appropriation limit.

Both the California per capita personal income price factor and the population percentage change factors are provided by the State Department of Finance to local jurisdictions each year. Population percentage change factors estimate changes in the City's population between January of the previous fiscal year and January of the current fiscal year. Reports that present changes in new, non-residential assessed value are provided by the County of Alameda. These numbers provide the basis for the factor to be used in the City's calculation of the Gann Limit. Of the two methods above, the City is using the "new, non-residential assessed valuation" factor because it results in the higher appropriations limit.

On May 1, 2009, the State Department of Finance notified each city of the population changes and the per capita personal income factor to be used in determining appropriation limits. The percentage change in per capita income is 0.62%. The calculation as applied to the City of Fremont for FY 2009/10 is:

The population on January 1 of the previous year (213,124) compared to the population on January 1, 2009 (215,636), is 2,512, or a 1.18% increase.

The change in new, non-residential assessed valuation is 5.34%.

The factor for determining the year-to-year increase is computed as:

$$\frac{1.18 + 100}{100} \quad \times \quad \frac{5.34 + 100}{100} \quad = \quad 1.0658$$



## Summary Information | Gann Limit

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Applying this year's factor of 1.0658 to last year's limit of \$468,141,923, the Gann Limit for FY 2009/10 yields \$498,945,662.

Based on an operating budget of \$135,667,000, Fremont is not at risk of exceeding the Gann Limit. The Gann Limit is adopted by the City Council concurrently with the adoption of the FY 2009/10 operating budget.

## Citywide Goals and Objectives

In 2002, the City Council adopted a Strategic Plan that outlines a vision for the long-term future of Fremont and proposes strategies and short-term goals for achieving the vision. The Plan has three main purposes. First, it communicates the City's vision for the future to residents, businesses, and City employees. Second, it provides guidance so that decisions are good for today's challenges and good for the City in the future. Making decisions in the context of a shared vision developed through collaboration ensures broad commitment to the success of the plan. Finally, the Strategic Plan provides a sound framework for long-term departmental planning.

For budgeting purposes, the long-term desired outcomes and values outlined in the plan have been adapted as Citywide goals that support the City Council's vision. The goals are used as a framework for ensuring alignment of department special projects with the City Council's vision. This section of the budget document presents the City Council's vision and goals from the 2002 Strategic Plan and a new goal #12 which was added in 2008. It also includes a matrix that illustrates the alignment of departmental special projects with Citywide goals. Special projects presented here may be abbreviated for format purposes. The full narrative text for each special project is displayed in the Departmental Budgets section of this document.

### City Council's Vision

Fremont, in the year 2020, will be a globally-connected economic center with community pride, strong neighborhoods, engaged citizens from all cultures, and a superb quality of life.

### Citywide Goals

#### 1. **Strong community leadership**

City Council, Boards, and Commissions work with the community to create the long-term vision for Fremont and provide policy direction and guidance to the City organization. The City Manager and staff carry out the long-term vision on a daily basis through a variety of services and activities.

#### 2. **A safe community**

People value a feeling of safety and security within their community. In Fremont, residents work together and with City staff to prevent crime and solve problems in their neighborhoods.

#### 3. **A vibrant local economy**

The local economy is comprised of a strong, diversified commercial and industrial base, providing high-quality employment for the region. It is balanced with a strong retail sector and healthy neighborhood commercial districts.

### **4. Thoughtful, orderly use of land and protection of environmental resources**

The City values a harmonious blend of natural and physical environments, with particular priority for preservation of open space, such as the hillface and bay wetlands. Thoughtful land use and conservation also protect people's social and financial investments in the community.

### **5. Safe and effective transportation systems**

Quality of life is highly dependent on high quality transportation systems, which enable people to get around easily. Alternatives to automobile transportation, such as walking, cycling, and public transit are also valued.

### **6. Public facilities and programs for recreation**

Public facilities provide individual and family entertainment, relaxation, and education. Fremont's public amenities include parks, community centers, historic estates, a golf course, and related programming.

### **7. Historic character**

Preservation of historic properties, neighborhoods, and commercial districts enables the community to adapt to change and embrace a progressive future while remaining true to its heritage and historic character.

### **8. Building a caring community**

Fremont is a community where members care for each other and value services that help families and individuals to live self-sufficiently with a respectable quality of life. The community values a range of housing opportunities balanced with employment opportunities to ensure that people who work in Fremont may also live here.

### **9. Strong families and healthy children**

Fremont is proud of its identity as an excellent place for families and children. The City partners with the school district and other agencies and groups to foster growth in families and provide opportunities for youth development and community involvement.

### **10. Involvement of a diverse population**

Fremont is an inclusive community that welcomes people of all ages, ethnicity, income, and background. The City believes that all segments of the population must be engaged and involved in making community decisions in order to ensure a high quality of life and effective democracy.

### **11. Effective and efficient city government**







The Fremont community wants honest, responsive city government serving the community's interests with progressive, equitable, and fiscally responsible service delivery.

**12. Creating an aging friendly community**

The City of Fremont will work to create an aging friendly community that is safe and welcoming. The City will promote an environment which values senior participation; a place where information and services are easily available for all seniors; where seniors can be mobile and actively involved where meaningful exchanges between cultures and generations exist; and, where people come together in support of one another regardless of age.

## Summary Information | Citywide Goals and Objectives

### Special Projects Summary

	Strong community leadership		Historic character
	A safe community		Building a caring community
	Vibrant local economy		Strong families and healthy children
	Thoughtful, orderly use of land and protection of environmental resources		Involvement of a diverse population
	Safe and effective transportation systems		Effective and efficient city government
	Public facilities and programs for recreation		Creating an aging friendly community

#### COMMUNITY DEVELOPMENT DEPARTMENT:

- 1 Complete the update to the City's General Plan by spring 2010.
- 2 Prepare a Climate Action Plan that lays out strategies for achieving greenhouse gas reduction targets adopted by the City Council.
- 3 Develop the Central Business District-Midtown Streetscape and Zoning Plan in coordination with TMG Partners.
- 4 Complete the update of the City's Wireless Telecommunications Ordinance by early 2010.
- 5 Complete the multi-family design guidelines for residential development projects by fall 2009.
- 6 Improve public access to development and permitting information by implementing a web-based permitting system.
- 7 Streamline the development process to increase staff efficiency and customer satisfaction.
- 8 Construct public safety projects, including Fire Station 2, and the Police Firing Range by the end of winter 2009/10.
- 9 Complete construction of Fire Station 3, the Fire Tactical Training Center, and Fire Station 11 by June 2010.
- 10 Repair and treat 40 miles of city streets with overlay and slurry seal by fall 2009 to improve road condition.



#### ECONOMIC DEVELOPMENT DEPARTMENT:

- 1 Implement a Local Business Stimulus Plan in an effort to assist local businesses during this difficult economic period.
- 2 Create new communications and marketing efforts, including the redesigned website, marketing materials, and property search tool.
- 3 Develop a Specific Plan for the Capitol Avenue/Midtown area of Fremont.



#### FIRE DEPARTMENT:


- 1 Continue implementation of the Measure "R" Fire Bond projects, including Fire Stations 2 and 3 and the Fire Tactical Training Center.
- 2 Complete the acquisition of the fourth phase of apparatus replacement.
- 3 Acquire and replace all VHF and UHF Portable radios for digital technology upgrade and interoperable communication.
- 4 Purchase "tablet" computers for use in the field by Fire Prevention inspectors to improve efficiency.
- 5 Develop and implement a sustainable plan to provide CPR education, training and refresher courses to City employees in the use of AED's.



The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

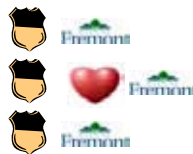


## Special Projects Summary

	Strong community leadership		Historic character
	A safe community		Building a caring community
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	Safe and effective transportation systems		Effective and efficient city government
	Public facilities and programs for recreation		Creating an aging friendly community

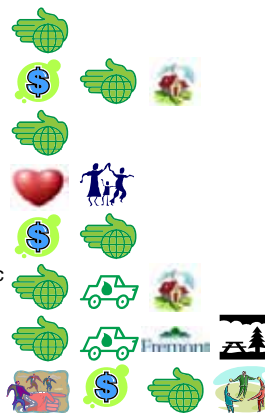
### FIRE DEPARTMENT (continue):

- 6 Update management and monitoring of controlled substances for compliance with new statewide regulations for ALS service providers.
- 7 Procure EMS training manikins to improve and update EMS training and quality assurance requirements.
- 8 Use Strategic Plan to identify key strategic areas to focus resources and identify anticipated outcomes of programs and service delivery.



### HOUSING AND REDEVELOPMENT DEPARTMENT:

- 1 Assess and determine options for a catalyst revitalization project in the Centerville area.
- 2 Complete the construction of the Niles Town Plaza by fall 2009.
- 3 Complete construction of the Bay Street Undergrounding and Streetscape project by spring 2010.
- 4 Revise the City's Inclusionary Housing Ordinance to provide greater flexibility for developers and a source of affordable housing funding.
- 5 Complete the Redevelopment Agency's Plan Amendment process to extend the Agency's ability to collect tax increment revenue.
- 6 Complete a feasibility study for a pedestrian crossing over the Union Pacific right-of-way to the Niles Town Plaza.
- 7 Design and secure funding for a pedestrian and bicycle friendly greenbelt pathway along Grimmer Boulevard to Central Park.
- 8 Develop an outreach program for the Irvington community to establish project priorities for Irvington area projects.



### HUMAN SERVICES DEPARTMENT:

- 1 Implement the recommendations of the GSSP team to support the healthy development of infants and toddlers.
- 2 Continue to collaborate with FUSD and Alameda County Health Care Services Agency on the Fremont Adolescent Student Health Initiative.



### PARKS AND RECREATION DEPARTMENT:


- 1 Complete first season of the operation of "Aqua Adventure" Waterpark in Central Park.
- 2 Replace six playgrounds to comply with current playground safety standards within the next year.



The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

## Summary Information | Citywide Goals and Objectives

### Special Projects Summary

	Strong community leadership		Historic character
	A safe community		Building a caring community
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#### PARKS AND RECREATION DEPARTMENT (continue):

- 3 Construct Basketball Courts and a new Dog Park with artificial "doggie turf" in Central Park.
- 4 Continue conversion of high maintenance small turf strips to low maintenance materials to reduce ongoing maintenance costs.



#### POLICE DEPARTMENT:

- 1 Focus on operational strategies intended to reduce the frequency of robberies involving weapons and physical force.
- 2 Complete construction of the police indoor firing range and multi-purpose room using voter-approved bond proceeds by January 2010.
- 3 Continue the "Crime Free Program" to provide increased safety to rental residents in conjunction with other City departments.
- 4 Continue to offer the Animal Shelter's "Free to a Good Home" and the Low Cost Spay/Neuter Programs to promote pet adoption.
- 5 Develop the "Animal Shelter Teen Volunteer" program to provide an opportunity for teens in the community to perform public service.
- 6 Work with the State Parole Board to gather, collate, and utilize criminal offender information.
- 7 Continue efforts to bridge the service delivery gap with the Community Engagement Unit and CARE team volunteers.
- 8 Expand the in-car camera project to the traffic division motorcycles by September 2009.
- 9 Conduct a study to determine the best methodology for delivery of field patrol services with limited staffing.











#### TRANSPORTATION AND OPERATIONS DEPARTMENT:

- 1 Complete the update of the Citywide travel demand model for the years 2025 to 2030 as part of the City's General Plan update.
- 2 Continue to upgrade and install new building energy management systems at City facilities.
- 3 Complete construction of the Washington Boulevard/Paseo Padre Parkway Grade Separation Project by early fall.
- 4 Continue cost effective energy conservation practices through roof and HVAC replacement projects at City facilities.
- 5 Complete selection and implementation of an automated chemical inventory and Material Safety Data Sheet management system.
- 6 Implement an enhanced litter abatement program to comply with the expanded NPDES storm water permit requirements.



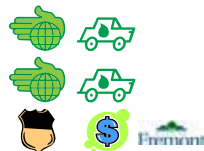
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## Special Projects Summary

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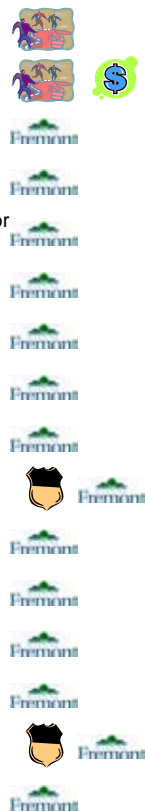
### TRANSPORTATION AND OPERATIONS DEPARTMENT (continue):

- 7 Continue to green the City's fleet to reduce greenhouse gases and diesel particulate matter emission and fuel consumption.
- 8 Retrofit up to 12 City vehicles with diesel particulate traps to comply with the California Air Resources Board's requirements.
- 9 Upgrade the security card access system at the Police Department building to enhance security and improve maintenance efficiencies.



### ADMINISTRATIVE DEPARTMENTS:

- 1 Continue implementation of the organizational development program focusing on leadership and management training.
- 2 Conduct ongoing citywide coordination of the City's application for Federal Stimulus Package funding.
- 3 Work with Finance to revise the City's purchasing ordinance to clarify and streamline contracting procedures for greater efficiency.
- 4 Work with the Community Development and Economic Development Departments on updates to the City's sign ordinance.
- 5 Coordinate purchase of a software service to manage streaming content for City Council and Planning Commission meetings.
- 6 Coordinate purchase and implement software that will automate the Council Agenda process to improve staff efficiency.
- 7 Implement improvements to the purchasing ordinance for change orders and criteria for other public agency contracts to reduce costs.
- 8 Implement a banking services option to pay certain vendors using the bank's e-payables program.
- 9 Work with departments to improve the process when purchasing goods under \$25,000 to ensure cost effectiveness.
- 10 Work with the Fire Department to prepare an Emergency Operations Center plan.
- 11 Continue to provide City departments and employees with high quality human resource consulting services.
- 12 Work with the City's eight bargaining units to maintain positive labor relations and complete successor Memoranda of Understanding.
- 13 Provide training opportunities to employees to foster organizational development.
- 14 Implement recommendations to improve administration of the City's deferred compensation program.
- 15 Develop protocols for continuation of payroll operations as part of disaster preparedness.
- 16 Continue to work with the Comm. Dev. Dept. to prepare requirements for a web-based online permit management system.




The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

## Summary Information | Citywide Goals and Objectives

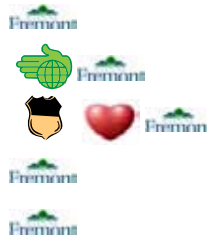
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### Special Projects Summary

	Strong community leadership		Historic character
	A safe community		Building a caring community
	Vibrant local economy		Strong families and healthy children
	Thoughtful, orderly use of land and protection of environmental resources		Involvement of a diverse population
	Safe and effective transportation systems		Effective and efficient city government
	Public facilities and programs for recreation		Creating an aging friendly community

#### **ADMINISTRATIVE DEPARTMENT (continue):**

- 17 Implement workflow automation tools for issuing addresses and updating parcels that will replace a manual process.
- 18 Develop a GIS strategic plan to provide a vision and guide for GIS activities.
- 19 Assess the feasibility of implementing a disaster recovery plan to assure business continuity.
- 20 Implement the workflow module in the City's financial application for the purchase requisition and purchase order processes.
- 21 Begin migration from the GroupWise email system to the Microsoft Exchange email system by December 2010.



The above are summaries of the full statement of each goal which may be found in the respective department's subsection of the Department Budgets section of this document.

# General Fund

## General Fund Summary

The General Fund is the City's primary operating fund. It accounts for the majority of financial resources and outlays for basic services such as police, fire, and maintenance, as well as the administrative systems required to support them. The fund also accounts for the City's discretionary funding sources (e.g., property tax, sales tax, vehicle license fees, franchise fees, and business license tax). As a rule, General Fund resources are used only to fund operations that do not have other dedicated (restricted) funding sources. Operations that rely heavily on non-General Fund resources, such as land development and recreation, are accounted for in other funds. Information on these operations may be found in the Other Funds section of this document.

Since mid-2001, the City's budgeting environment has been characterized by tremendous uncertainty. The recession in the high-tech sector of the economy and State resource takeaways caused a 10% decline in General Fund revenues between FY 2000/01 and FY 2003/04. Meanwhile, the demand for City services and the costs of providing them continued to increase. Because city governments can only spend available resources, these factors combined to prompt budget and staffing reductions of more than 20% since FY 2002/03. Budget reductions of this magnitude necessarily resulted in service reductions in all areas. In FY 2007/08, it looked as though revenues were beginning to recover, and some much-needed public safety positions were added. Those revenue recoveries, however, were short-lived, and the local, State, and national economies are now feeling the effects of the national mortgage and financial crises. Foreclosure rates are increasing as further adjustable rate mortgage resets occur, and the sub-prime mortgage fallout will continue to affect cities for an unknown period of time. The Budget Overview section of this document provides more information on the recent challenges facing not only Fremont, but the nation as a whole. This section provides information on the FY 2009/10 General Fund budget, including budget assumptions, expenditure and revenue highlights, transfers to other funds, reserve funds, and the financial forecast.

The FY 2009/10 budget displayed in the table on the next page demonstrates the City's transition during these challenging economic times. In light of the ongoing financial decline, the cost of providing services is projected to continue to exceed ongoing revenues in FY 2009/10. The prolonged recession and the State's continued inability to balance its own budget pose significant challenges to this outlook. Although the passage of Proposition 1A in 2004 precluded the State from looking to cities to help balance its budget through FY 2007/08, under certain conditions the State can now once again take money from cities.

Revenues are estimated to decline by almost 1% in FY 2008/09 (as compared to FY 2007/08), and the City responded by taking budget reductions of 1% beginning in December 2007, and using a soft hiring freeze to save money wherever possible. These measures helped reduce the number of layoffs required to implement the FY 2009/10 budget reductions. Although these measures will reduce the City's ongoing costs in light of the FY 2009/10 revenue projections, it is possible that further reductions may be necessary based on the outcome of the May special election, and when and to what extent the economy recovers. The City is relying on use of the Budget Uncertainty Reserve to balance the FY 2009/10 budget.

## General Fund | General Fund Summary

### General Fund

(Thousands of Dollars)	General Fund	Contingency Reserve	Program Investment Reserve	Budget Uncertainty Reserve	Eliminating Internal Transfers	Total General Fund
<b>Revenues:</b>						
<b>Intergovernmental:</b>						
Property Taxes	\$ 46,481	\$ -	\$ -	\$ -	\$ -	\$ 46,481
Property Taxes (VLF Replacement)	15,740	-	-	-	-	15,740
Triple Flip - Sales Tax Replacement	8,163	-	-	-	-	8,163
Sales and Use Taxes	24,231	-	-	-	-	24,231
Vehicle License Fees	600	-	-	-	-	600
Other Intergovernmental	255	-	-	-	-	255
Business License Taxes	7,000	-	-	-	-	7,000
Hotel/Motel Taxes	3,259	-	-	-	-	3,259
Property Transfer Taxes	874	-	-	-	-	874
Franchise Fees	8,439	-	-	-	-	8,439
Charges for Services	4,794	-	-	-	-	4,794
Fines	3,060	-	-	-	-	3,060
Investment Earnings	1,600	-	-	-	-	1,600
Paramedic Fees	1,104	-	-	-	-	1,104
Other Revenues	1,275	-	-	-	-	1,275
<b>Total Revenues</b>	<b>126,875</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,875</b>
Total Transfers In	5,244	-	-	3,660	(3,660)	5,244
<b>Resources Available:</b>						
<b>(Revenues plus Total Transfers In)</b>	<b>132,119</b>	<b>-</b>	<b>-</b>	<b>3,660</b>	<b>(3,660)</b>	<b>132,119</b>
<b>Expenditures</b>						
General Government	11,161	-	-	-	-	11,161
Police	53,814	-	-	-	-	53,814
Fire	31,150	-	-	-	-	31,150
Transportation and Operations	15,185	-	-	-	-	15,185
Community Development:						
Planning	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-
Engineering	-	-	-	-	-	-
Community Preservation	746	-	-	-	-	746
Housing and Redevelopment	-	-	-	-	-	-
Human Services	3,516	-	-	-	-	3,516
Parks and Recreation	4,711	-	-	-	-	4,711
Non-departmental	2,959	-	-	-	-	2,959
Less: Citywide Savings	(1,500)	-	-	-	-	(1,500)
TRANS Debt Costs	500	-	-	-	-	500
<b>Total Expenditures</b>	<b>122,242</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122,242</b>
Total Transfers Out	13,425	3,660	-	-	(3,660)	13,425
<b>Resources Used:</b>						
<b>(Expenditures plus Operating Transfers Out)</b>	<b>135,667</b>	<b>3,660</b>	<b>-</b>	<b>-</b>	<b>(3,660)</b>	<b>135,667</b>
<b>Net Results of Operations:</b>						
<b>(Resources Available less Resources Used)</b>	<b>(3,548)</b>	<b>(3,660)</b>	<b>-</b>	<b>3,660</b>	<b>-</b>	<b>(3,548)</b>
<b>Use of Budget Uncertainty Reserve</b>	<b>3,548</b>	<b>-</b>	<b>-</b>	<b>(3,548)</b>	<b>-</b>	<b>-</b>
<b>Beginning Fund Balance - 6/30/09 (est.)</b>	<b>-</b>	<b>18,302</b>	<b>3,660</b>	<b>3,895</b>	<b>n/a</b>	<b>25,857</b>
<b>Fund Balance - 6/30/10 (est.)</b>	<b>\$ -</b>	<b>\$ 14,642</b>	<b>\$ 3,660</b>	<b>\$ 4,007</b>	<b>n/a</b>	<b>\$ 22,309</b>

**NOTE:** 1) The only General Fund costs displayed in this chart for Community Development are for Community Preservation. Other department costs are displayed in the Other Funds section of this document. 2) Recreation activities are funded in the Recreation Cost Center with a combination of General Fund and fee revenues. Department costs can be found in the Cost Center/Internal Service section of this document. 3) The amounts represented under General Fund for Transportation & Operations and Parks & Recreation are for the Maintenance Division's General Fund expenditures only.



## Budget Assumptions

In addition to the general assumptions of continued economic decline and State budget instability, the FY 2009/10 budget is premised upon the following specific assumptions:

- 1. Because of worsening economic conditions and a significant structural change within the national and state economies, sustainable budget reductions are necessary in FY 2009/10, resulting in a budget that is 7.7% less than the year before.**

As the global financial crisis unfolded in FY 2008/09, it became apparent that more drastic budget reductions would be needed in order to live within our means. To that end, public safety departments have reduced their budgets by 5% and all other departments have made 10% reductions. Because of declining development activity, Community Development took a further reduction of 20% in costs funded by developer fees. We will continue to closely monitor development and permit activity to determine if further reductions are needed. These budget reductions result in staffing changes in the organization in FY 2009/10. The total authorized staffing Citywide is decreasing from 919.975 full time equivalent positions (FTEs) in FY 2008/09 to 846.000 FTEs in FY 2009/10, a decrease of 73.975 FTEs (8%).

- 2. The local economy will continue to contract during FY 2009/10, resulting in total General Fund resources declining by a little less than 1%, in contrast to the more typical growth experienced in prior years of at least 4%.**

Ongoing resources reflect the revenue “base” that continues from year to year, excluding one-time resources and losses. The decline is attributable primarily to the significant decline in sales tax revenues. Partially offsetting that decline is a projected very modest increase in property tax revenue, as Fremont continues to be buffered somewhat from the more severe impacts of property reassessments experienced by other California cities. All other categories of revenue are projected to have modest increases, or remain flat. By comparison, the FY 2009/10 anticipated revenues are 5.4% less than revenue estimates in the FY 2008/09 adopted budget.

- 3. Based on current economic projections, a target reduction of 1% of expenditures that was implemented in December 2007 and continued through FY 2008/09 will become permanent in FY 2009/10.**

Although some public safety positions were added in FY 2007/08, some of those positions were held vacant during FY 2008/09. In addition, eleven vacancies throughout the City were “frozen” and unfunded in FY 2008/09. Current revenue projections suggest that the economic recession will continue through at least FY 2009/10. Staff took action after the first quarter of FY 2007/08 and continuing into FY 2008/09 to reduce \$1.3 million (1%) in General Fund expenditures in order to avoid future staff reductions. These actions were intended to be a temporary bridging strategy for two years to get through an economic downturn. Now that this downturn has become a recession, these reductions will become permanent in FY 2009/10, and the eleven frozen, unfunded vacant positions will be eliminated.

- 4. The worsening State budget continues to be a threat, exacerbated by the unknown outcome of the special election on May 19, which means that this budget may be considered “provisional” in nature, with additional modifications likely needed during FY 2009/10.**

In spite of all the uncertainty on surrounding the State budget, the City’s budget needs to be in place when the new fiscal year starts on July 1. Because it is unlikely that the State’s budget issues will be resolved quickly, staff views this budget proposal as a “provisional” budget, which reflects the budget reductions discussed above. What is not known is whether these permanent reductions will be sufficient, or if the budget will need to be reduced even further (either temporarily or for the longer term). When more information about State actions (or changing economic conditions) is available, staff will bring that information to the Council and modify the FY 2009/10 budget accordingly.

- 5. The budget contains no provision for future State resource takeaways. The City will respond to takeaways when the amount and timing of takeaways are confirmed by State legislative action.**

In late February 2009, the Legislature approved and the Governor signed the State budget for FY 2009/10. As part of that budget, the Legislature placed six propositions on the ballot for a special election in May. Even with the adoption of the FY 2009/10 budget package and assuming that all of the propositions on the May 19 ballot passed, the State would still face multibillion-dollar budget shortfalls in the coming years. The outcome of voting on the State ballot measures on May 19, 2009, determined the immediate impacts on the State’s budget. Because of continuing revenue shortfalls, the State expected to have a \$15.4 billion deficit to resolve in FY 2009/10, even if the voters approved the six measures on the May ballot. Because the measures did not pass, the estimated deficit for the State for FY 2009/10 is expected to grow to \$21.3 billion.

In 2004, voters approved Proposition 1A, which provides some protection for local revenues. In reality, however, it only clarifies the rules by which the State may take local revenues. For example, the State is no longer allowed to take local revenues unless it has paid back funds previously taken. Because the ballot measures failed, the Governor has proposed invoking the provisions of Proposition 1A and borrowing 8% of local property taxes. For Fremont, 8% of our property taxes (including the “triple-flip” sales tax replacement) is \$5.59 million. The 8% amount is actually measured at the county level and may be distributed among local agencies in any manner, so long as the total 8% at the countywide level is remitted to the State. As a result, Fremont’s share could actually be more or less than 8%.

Further takeaways will be catastrophic for public safety, public facilities, and other services. The State’s structural budget gap remains, and local governments remain vulnerable to additional State takeaways under the rules of Proposition 1A. Although the Governor has suggested certain actions for resolving the State’s budget deficit, it is likely that possible reductions to City revenues will not be known until after the City’s budget is adopted. Because it is difficult to predict when, and if, the State will take additional local government revenues, the budget does not assume a specific amount of revenue that will be lost to the State, thereby minimizing the risks associated with cutting services too far in anticipation of State cuts that may not materialize. However, staff

will be ready to respond with recommendations for the City Council to consider once any such takeaways are confirmed by State legislative action and the amount and timing are known.

- 6. In addition to the departmental reductions, total expenditures in the FY 2009/10 budget and the forecast for FY 2010/11 include a savings assumption of \$1.5 million per year (approximately 1.0% of total budgeted expenditures and transfers out in FY 2009/10) to compensate for the historical tendency to under-spend total resources allocated.**

Despite consecutive years of budget reductions, managers continue to hold positions vacant and restrain operational costs wherever possible. The City's variable rate debt costs also are often less than the budgeted amount (which is calculated in accordance with debt covenants). Consequently, the City's actual expenditure totals each year are consistently at least \$1.5 million less than budgeted. Building an assumption for savings into the budget helps to ensure that projections for year-end results are more accurate from the outset than they might otherwise be.

- 7. The FY 2009/10 budget does not include any prefunding of the City's other post-employment benefit (OPEB) liabilities, nor does it include any contribution to capital projects.**

As part of the savings strategy implemented in December 2007, the City Council approved not proceeding with the transfer to begin prefunding the City's OPEB liability (approved as a contingent item in the FY 2007/08 budget, based on favorable revenue results that did not materialize). The adopted FY 2009/10 through FY 2013/14 Capital Improvement Program does not include any transfers (historically \$1 million per year) for general capital projects for the next two years. Both OPEB and general capital projects begin to be funded again in FY 2011/12.

- 8. The City will prepay its FY 2009/10 employer contribution to CalPERS, resulting in an estimated savings to the General Fund of \$950,000.**

FY 2009/10 will be the second year the City will take advantage of a program with CalPERS to prepay the City's employer contribution for the entire fiscal year. The difference between the actuarially estimated payments throughout the year and the prepayment amount is \$950,000. This is possible because CalPERS will have the City's money longer and can invest it at an actuarially estimated rate of return of 7.75%. In contrast, at the end of April 2009, the City's rate of return on its investments was 2.86%, and the State Local Agency Investment Fund (LAIF) was earning 1.49%. CalPERS is able to achieve a higher rate of return because they are much larger, their investment portfolio is highly diversified, and they can invest in instruments that local agencies cannot because of State law.

- 9. The costs of the FY 2009/10 budget will exceed projected revenues, requiring the use of a portion of the City's Budget Uncertainty Reserve to balance the budget.**

Instead of spending all of the revenue received during the "boom" years of the late 1990s, the City set aside a portion of annual revenues in its General Fund fund balance for use in future years. Since the City began cutting the budget in FY 2002/03, it has metered in fund balance annually as a resource to smooth the transition to a lower revenue base. That fund balance will be exhausted

by the end of FY 2008/09. In spite of cost-cutting measures, the City still expects to have a budget gap of \$3.6 million, which will be funded by a portion of the Budget Uncertainty Reserve. The use of the Budget Uncertainty Reserve allows the City to bridge the gap during these challenging times until the economy begins to turn around again, which, according to many economists, is anticipated to occur sometime in FY 2010/11.

**10. The General Fund's primary reserves, which previously totaled 15% of total expenditures and transfers out, will be reduced by Council action to 12.5% of total expenditures and transfers out.**

The City maintains two General Fund reserves whose funding is linked to total budgeted expenditures and transfers out: the Contingency Reserve and the Program Investment Reserve. Balances and potential use of the Contingency Reserve and the Program Investment Reserve are governed by City Council policies adopted with the FY 1996/97 budget. The Contingency Reserve is intended to mitigate the effects of natural disasters or other severe unforeseen events, as well as providing back-up liquidity to the Risk Management Fund, and is to be maintained at 12.5% of total operating expenditures and transfers out. The Program Investment Reserve is available to provide seed funding for new initiatives that will generate ongoing external revenues; it is to be maintained at 2.5% of total operating expenditures and transfers out. Because of the significant uncertainty facing the organization, the Contingency Reserve funding level will be reduced to 10% and the difference of \$3.7 million will be transferred to the Budget Uncertainty Reserve. This reserve level is still within the recommended guidelines established by the Government Finance Officers Association. In addition, \$7.5 million in reserves will be spent over the next two fiscal years – \$3.6 million of the remaining Budget Uncertainty Reserve in FY 2009/10 and \$4.0 million (the rest of the original Budget Uncertainty Reserve and \$3.7 million resulting from the change in reserve policy) in FY 2010/11.

## Resources

General Fund resources include revenues, transfers into the General Fund from other funds, and undesignated fund balance. Total budgeted resources will be adequate to support total budgeted expenditures of \$135.7 million, so the budget is considered balanced. However, when one-time sources (i.e., fund balance and reserves) are excluded, the sum of ongoing revenues, highlighted in Table #1, plus recurring transfers in from other funds, falls short of covering the service costs by \$3.6 million. Bridging the gap will require spending \$3.6 million of the Budget Uncertainty Reserve.

Property taxes are projected to remain the City's largest revenue source in FY 2009/10. Despite the decline in other major revenues since the peak year of FY 2000/01, property tax revenues remained strong through FY 2006/07. Residential property values comprise two-thirds of Fremont's property tax base. Relatively low mortgage interest rates and high demand for real estate continued to drive residential property values higher through FY 2006/07. However, in FY 2007/08, the fallout of the sub-prime mortgage crisis began to be felt on a larger scale and affected Fremont with respect to countywide delinquencies and fewer sales transactions. Property tax revenue in FY 2009/10 is estimated to increase by only 1.4% over the prior year. Revenue the City will receive in FY 2009/10 is based on property assessed valuation as of January 1, 2009, and reflects the continued slowdown

in the market. This will be the first time in many years that the increase in assessed valuation will be less than the statutory 2% increase provided for by Proposition 13. This markedly slow growth trend is expected to continue through FY 2011/12, at least. Therefore, property tax revenues are projected to grow only slightly in FY 2009/10, to \$62.2 million. Staff will continue to monitor the real estate market. The effects of the continuation of the cooling trend in transaction volume will temper staff's outlook for FY 2011/12.

**Table #1: Change in General Fund Resources  
FY 2008/09 to FY 2009/10 (\$ millions)**

<u>Revenues</u>	<u>FY 2008/09 Est.</u>	<u>FY 2009/10 Budget</u>	<u>Difference</u>
Property taxes	\$46.0	\$46.5	\$0.5
Property taxes – VLF replacement	15.4	15.7	0.3
Sales and use taxes	24.2	24.2	0.0
“Triple flip” sales tax replacement	9.0	8.2	(0.8)
Vehicle license fees (VLF)	0.6	0.6	0.0
Business license taxes	7.0	7.0	0.0
Franchise fees	8.2	8.4	0.2
Hotel/motel taxes	3.1	3.3	0.2
Investment earnings	2.6	1.6	(1.0)
Other revenues	11.2	11.4	0.2
<b>Ongoing revenues subtotal</b>	<b>127.3</b>	<b>126.9</b>	<b>(0.4)</b>
Recurring transfers in	5.5	5.2	(0.3)
One-time transfers in	1.7	0.0	(1.7)
<b>Total Budgeted Resources</b>	<b>\$134.5</b>	<b>\$132.1</b>	<b>\$(2.4)</b>

Table #1 includes a line for “other revenues,” which contains charges for services, law enforcement fines, paramedic tax, property transfer tax, and State reimbursements for mandated services. There is a modest assumption of growth for these various items in FY 2009/10. State reimbursements for mandated services are anticipated to remain at a low level, at least for the next fiscal year. The State reimburses cities for these costs as it has money to do so. As a result, even though the City has a receivable due from the State for these costs of \$1 million, it is very difficult to predict when or if that reimbursement will be received.

Along with the slowdown in property tax revenue growth, sales tax trends are emblematic of the City's revenue volatility. After reaching a high point of \$33.2 million in FY 2000/01, sales tax revenue endured a multi-year decline to a low point of \$26.8 million in FY 2003/04. The steep drop was caused by the collapse of the Silicon Valley technology market and Fremont's reliance on sales tax from high-tech manufacturers. Sales tax from the high-tech and biotech sectors now appears to be stabilizing, and the City's efforts to diversify and strengthen the sales tax base by increasing the consumer retail sales and auto sales tax bases has also been a big help. Chart #1 illustrates the volatility that complicates



forecasting efforts. Therefore, the revenue projections assume that sales tax revenue will remain flat for FY 2009/10.

The City's sales tax revenue now comes to the City in two parts: 75% from the traditional share of the sales tax paid on consumer purchases, and 25% from the "triple flip" property tax replacement revenue. The "triple flip" refers to the State's mechanism for financing its 2004 Economic Recovery Bonds, whereby the State receives 25% of cities' sales tax revenue in exchange for an equal amount of additional property tax. The amount of property tax replacement revenue is equal to 25% of "regular" sales tax revenue generated in the prior fiscal year.

Hotel/motel tax revenues were rocked by the Silicon Valley recession. While not the City's largest revenue source, hotel/motel taxes declined by the largest percentage, a staggering 60%, between FY 2000/01 and FY 2003/04. This decline is the most striking, and perhaps most symbolic, example of revenue volatility stemming from the downturn in the economy during the "dot-com" bust. Between FY 1998/99 and FY 1999/00, hotel/motel tax revenue nearly doubled, growing to \$4.3 million in FY 2000/01. Although the hotel market seemed to have stabilized early last year, the current recession has manifested itself in a marked decline in room rates, as well as a marked decline in occupancy rates. The bright spot in this revenue source was anticipated when the voters passed Measure MM, increasing the City's transient occupancy tax rate from 8% to 10%, effective January 1, 2009. Although the increase in the rate approved in the November 2008 election will make a positive difference in future revenues, the decreases caused by the current economic situation will translate into a reduction in the FY 2008/09 collections, estimated to decline by 2%. The FY 2009/10 projection is for 5% growth, which would yield \$3.3 million in revenue.

Business license taxes remain relatively stable, with variations up or down each year based on the economic climate, business activity, and staff's collection efforts. Business license taxes are projected to yield \$7.0 million in both FY 2008/09, and FY 2009/10. This reflects the down-turn in the economy that is also taking its toll on sales tax revenues.

The City levies franchise fees on providers of electricity, natural gas, residential garbage and recycling, and cable television services. Franchise fee revenues are based on franchisee gross revenues, which are largely a function of rates and customer usage. Electricity and gas franchise fees are the most volatile, and have the largest effects on City revenues. In recent years, garbage and recycling fee revenues have begun to show some volatility as endeavors to increase recycling efforts have reduced the amount of garbage collected, resulting in lower revenues. This volatility is expected to continue with further efforts to increase recycling and reduce waste in the future. Overall, relative stability for the coming year in customer rates and growth in number of customers for most franchise fee revenue sources results in a revenue projection of \$8.4 million for FY 2009/10.

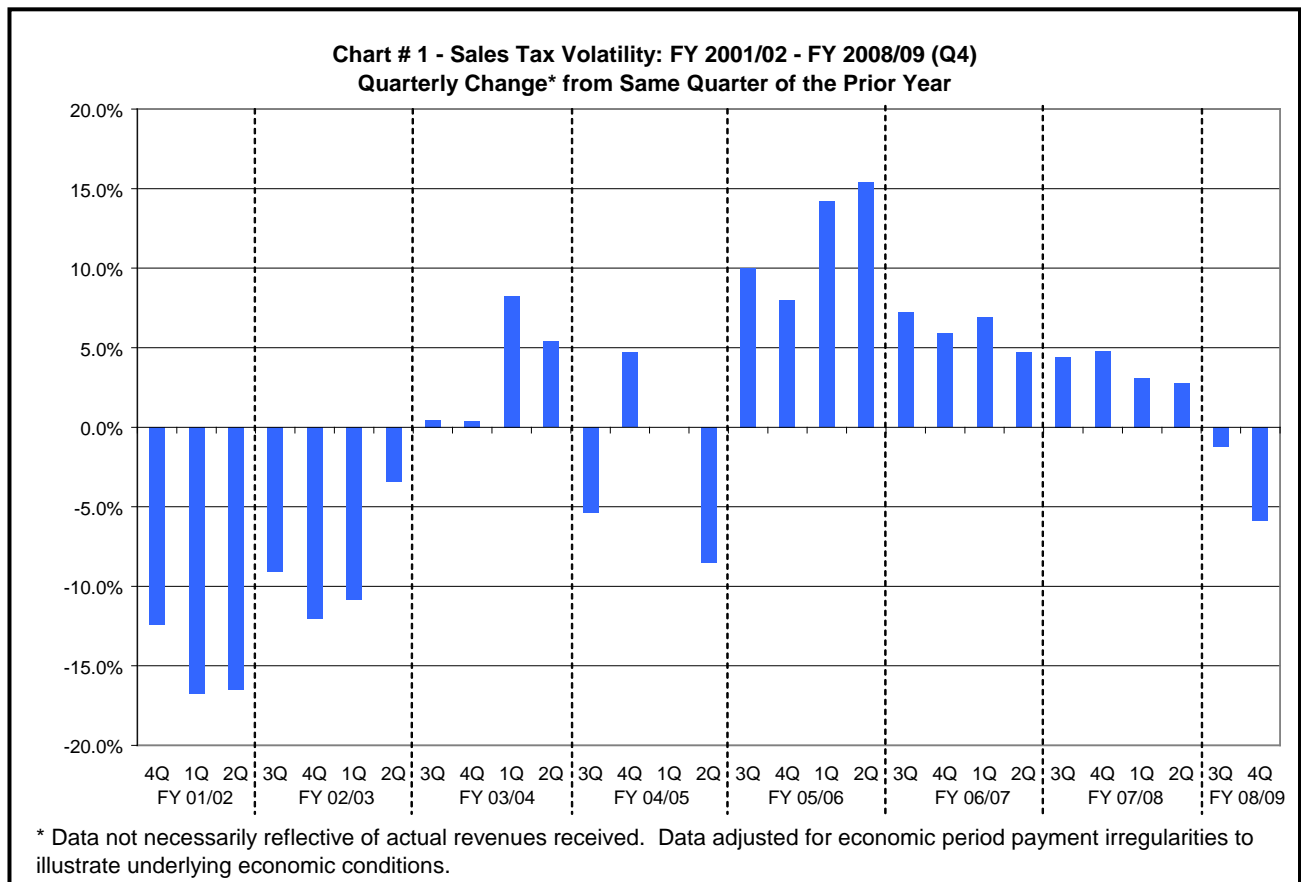
The General Fund receives transfers from other funds for general government services (such as human resources, finance, and legal assistance) provided to operations funded outside the General Fund (such as development services and recreation services). In FY 2008/09, transfers in from other funds are projected to be \$7.2 million, including a one-time transfer in of \$1.7 million, consisting of two items: (1) the transfer back to the General Fund of \$1.0 million in fund balance as a result of folding Maintenance back into the General Fund and closing the separate fund that had been used to account for Maintenance activities, and (2) the reimbursement from debt proceeds of \$700,000 in acquisition



costs for major Fire apparatus. Based on budgeted expenditures, transfers in are expected to total \$5.2 million in FY 2009/10.

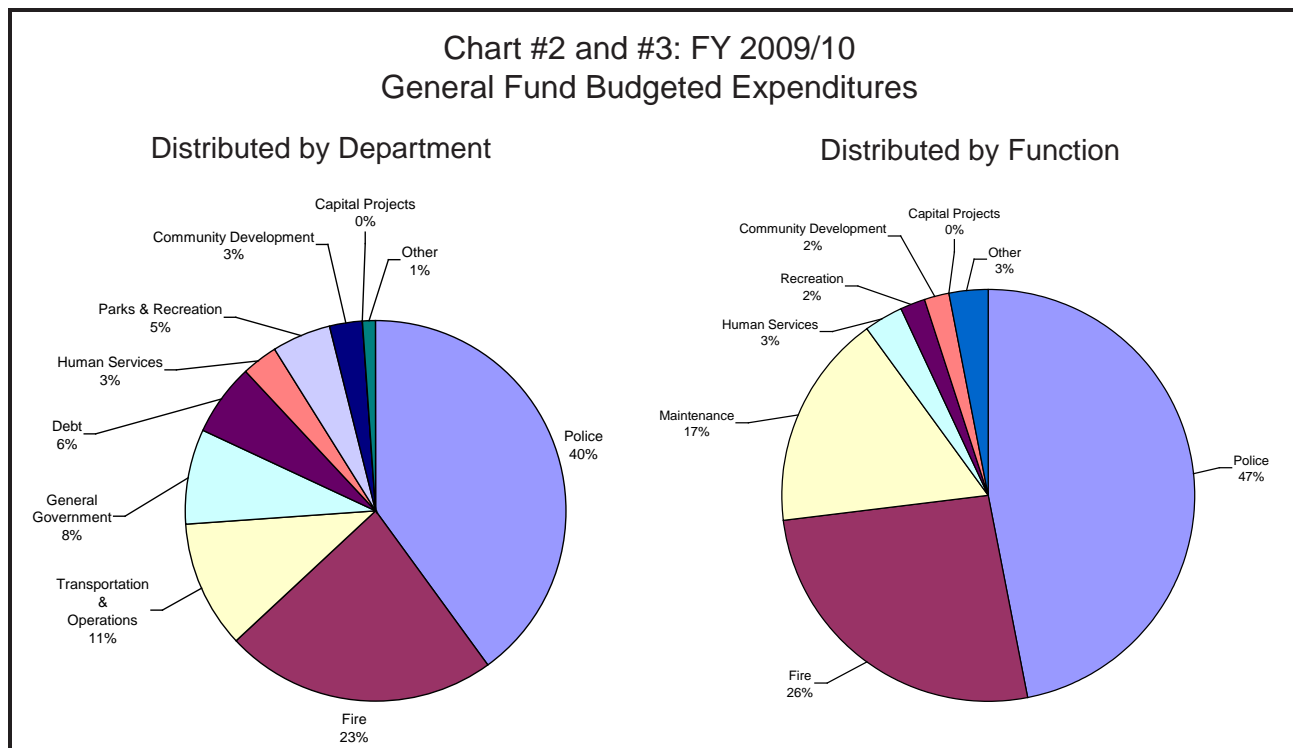
Undesignated fund balance is one resource available to balance the budget. If, in a given year, total resources available exceed total uses, the “surplus” increases fund balance. Fund balance has been a crucial resource for cushioning the City’s transition to a lower revenue base in recent years. Instead of spending all of the revenue received during the “boom” years of the late 1990s, the City set aside a portion of annual revenues in fund balance for use in future years.

The City is expecting to use all of its remaining \$3.1 million fund balance in FY 2008/09, plus \$7.3 million from the Budget Uncertainty Reserve. This will bring the City’s fund balance to zero to start the FY 2009/10 budget year. In FY 2009/10, the City will need to use another \$3.6 million of the Budget Uncertainty Reserve to cover the gap between ongoing revenues and ongoing expenditures.



## Expenditures

Although the City was able to add some public safety positions, due in part to a Homeland Security grant, to the budget in FY 2007/08, revenue declines related to the economic recession mean that the City will be undergoing significant budget reductions in most areas of City government, including public safety, beginning in FY 2009/10. Concerns about further revenue declines prompted the City to continue in FY 2008/09 a 1% savings target in the General Fund that was originally imposed in December 2007, and that savings target is carried forward and made permanent in FY 2009/10. In addition to eleven positions that were frozen and not funded in the FY 2008/09 budget, the City has been holding open a number of other positions as they have become vacant in an effort to save money wherever possible. The impact of these unfilled positions reaches throughout the organization, not just General Fund departments. Staff has continued to keep expenses down wherever possible, but due to the severe economic crisis and costs of providing services, the City has few options for reducing ongoing costs and achieving sustainability for the future. As a result, budget reductions will be implemented at various levels across City departments that will result in elimination of positions, which in turn will result in a variety of service reductions to the community because of the even further reduced workforce.



FY 2009/10 budgeted expenditures and transfers to other funds total \$135.7 million. As displayed in Chart #2, above, the budget maintains the City Council's long-time funding priorities by allocating 77% of the budget to direct costs for public safety and maintenance. As Chart #3 shows, the share of General Fund resources budgeted for these purposes is actually 90% when overhead costs required to support these functions are allocated. The FY 2009/10 budget reduces the staffing levels from FY 2008/09

with the elimination of 73.975 regular full time equivalent (FTE) positions. Of the 73.975 positions eliminated, 11 were frozen/unfunded positions in the FY 2008/09 budget, and 42.5 are positions that were vacant for some portion of FY 2008/09. The remaining 20.475 eliminated positions will result in 20 employees being laid off and three employees having their hours reduced.

The \$135.7 million budgeted for expenditures and transfers out in FY 2009/10 is 7.7% lower than the FY 2008/09 adopted budget. The budget reflects reductions of 5% in public safety departments and 10% in all non-public safety departments.

Basic City services, such as police, fire, and maintenance, are labor-intensive. Therefore, the City's budget is largely driven by labor-related costs, including salaries, health benefits, and retirement system contributions. These costs comprise 75% of the FY 2009/10 budgeted expenditures (excluding transfers out to other funds), or \$91.4 million.

There is no assumed increase for risk management costs, specifically workers' compensation and general liability, in FY 2009/10. There is likewise no assumed increase for vehicle replacement and information technology services. The budget for materials, supplies, and other non-staffing items is increasing by 2%.

## **Transfers Out to Other Funds**

In addition to direct expenditures, the General Fund transfers resources to other funds to support activities that cannot be supported through fees, grants, or charges for service. These activities range from capital projects and debt service, to cost center operations and reserve accounts with specific purposes.

Transfers to cost centers, which are enterprise-like mechanisms for funding the Community Development, Recreation, and Senior Center functions, are decreasing 10%, to \$5.1 million. These transfers fund activities in the cost centers that cannot be supported by fees or charges for services.

The transfer for debt service on the City's outstanding capital debt is decreasing by \$0.5 million. This decrease is due to the refinancing of \$35 million in variable rate certificates of participation (COPs), a portion of which had been insured by Ambac. As a result of the global financial credit crisis, in mid-June 2008, Ambac (the bond insurer) was downgraded from AAA to AA because of its exposure to residential mortgage defaults, and the City's COP ratings were downgraded to match that of the insurer. Without these AAA credit ratings, the interest rate for these COPs (which resets each week) rose to 10.0% compared to non-Ambac insured variable rate COP interest rates of about 2.0%. In addition to this refunding, the City also issued approximately \$15 million in new COPs for the construction of Fire Station 11 and the acquisition of fire apparatus. After issuance of this new/refunded debt, \$28 million of which was fixed rate and \$50 million of which was variable rate, the City's debt service costs decreased significantly. In fact, the new variable rate debt had weekly reset interest rates at less than 1% for several weeks.

The General Fund contains three reserves that may be funded with annual transfers from the General Fund:

## General Fund | General Fund Summary

- the Contingency Reserve, which is intended to help mitigate the effects of natural disasters and severe, unforeseen events;
- the Program Investment Reserve, which provides a source of working capital for new initiatives that have the potential to generate significant funding from external sources; and
- the Budget Uncertainty Reserve, which is intended to offset quantifiable revenue uncertainty in the budget.

Table #2 summarizes the FY 2009/10 projected funding levels for each reserve. Funding levels for the Contingency Reserve and the Program Investment Reserve are based on the amount of total expenditures and transfers out budgeted each year (12.5% and 2.5%, respectively, in prior years, changing to 10% and 2.5% in FY 2009/10). Based on the adopted budget for expenditures and transfers out, no transfer to these reserves will be necessary in FY 2009/10. Instead, \$3.7 million will be transferred from the Contingency Reserve to the Budget Uncertainty Reserve to provide additional flexibility in dealing with the ongoing financial challenges, anticipated to last through FY 2010/11. As the table below illustrates, the two primary General Fund reserves (Contingency Reserve and Program Investment Reserve) are decreasing from \$22.0 million to \$18.3 million. The Budget Uncertainty Reserve level does not have a targeted funding level, so there is no required contribution in FY 2009/10 and, in fact, this reserve will be substantially drawn down to help balance the budget in FY 2008/09 and FY 2009/10, ultimately winding up with a zero balance in FY 2010/11.

**Table #2: General Fund Reserves**

	FY 2008/09 est. balance (\$ millions)	<b>FY 2009/10 transfer</b> (\$ millions)	FY 2009/10 projected use (\$ millions)	FY 2009/10 balance (\$ millions)
Contingency Reserve	\$18.3	(\$3.7)	\$0.0	\$14.6
Program Investment Reserve	3.7	0.0	0.0	3.7
Budget Uncertainty Reserve	3.9	3.7	(3.6)	4.0
<b>Total General Fund Reserves</b>	<b>\$25.9</b>	<b>\$0.0</b>	<b>(\$3.6)</b>	<b>\$22.3</b>

Beyond the reduction from 15% to 12.5%, the FY 2009/10 budget does not anticipate the need to spend the City's two primary reserves. However, experience since FY 2001/02 has reminded the City how quickly the economy can change or the State can take City revenues to solve its problems. Related budget experience has further shown how quickly one-time resources (fund balance, for example) can be consumed in response to sudden revenue losses. With these lessons in mind, the City is reluctant to spend reserves because they are one-time resources, and once they are spent, they are gone. However, the City is anticipating using \$7.3 million and \$3.6 million of the Budget Uncertainty Reserve in FY 2008/09 and FY 2009/10, respectively, as a bridging strategy to provide time for the organization to downsize while weathering this difficult economic recession. (Many economists are now predicting that recovery will occur in mid- to late FY 2010/11.)

## **Financial Forecast**

The financial forecast is a planning tool that helps staff identify important trends and anticipate the longer-term consequences of budget decisions. While not perfect, the forecast tools have been instrumental in modeling the effects of such recent budget issues as rising retirement system costs, the short- and long-term consequences of issuing variable rate debt, and potential scenarios of future revenue performance. The ability to model cost and revenue trends beyond the next budget year helps the City make proactive budget decisions early in an economic cycle, such as the recent economic downturn.

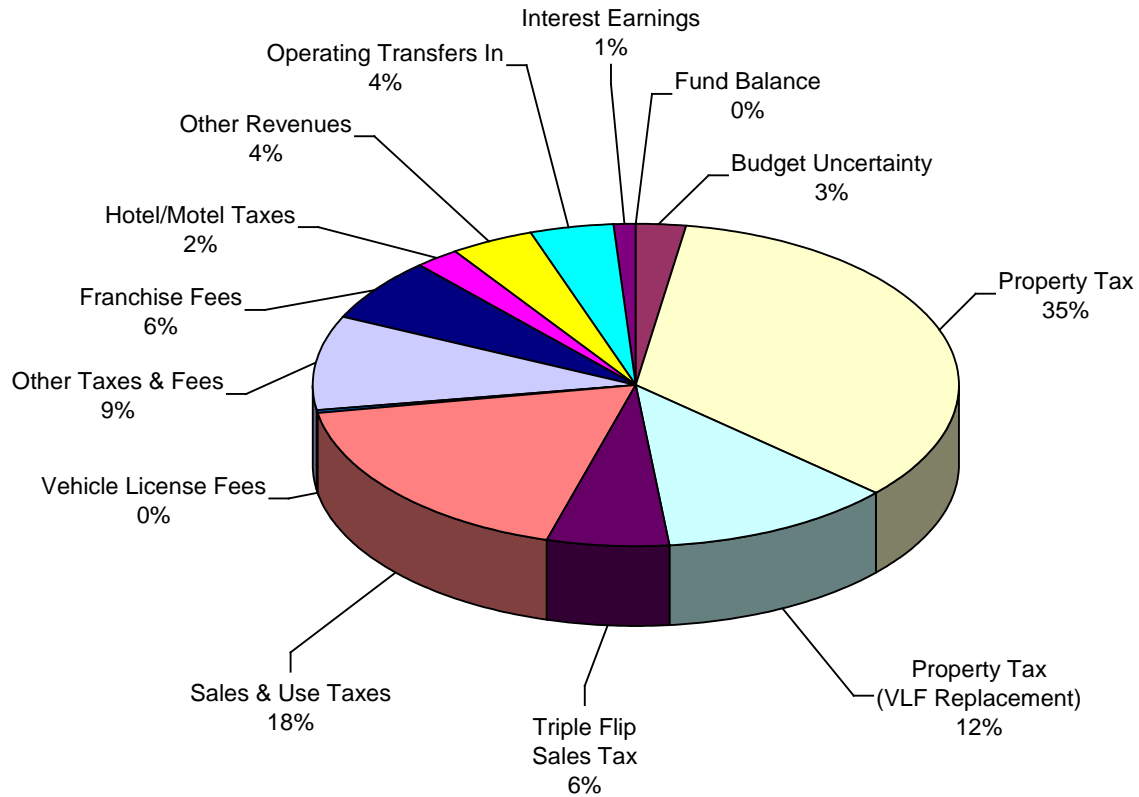
The forecast is not a plan, but a model based on cost and revenue assumptions that are updated regularly as new information becomes available. Of these components, future cost projections, based on known costs, are relatively reliable. Revenue forecasts, on the other hand, are based on assumptions related to future economic conditions, which are fraught with uncertainty. Economic forecasts in financial markets and the media swing from optimistic to pessimistic on a seemingly daily basis, and demonstrate the perils of committing to a particular prediction of the future. For this reason, the forecast is updated regularly, and is the subject of periodic City Council discussion.

### **Key forecast assumptions are as follows:**

- While Proposition 1A, passed by California voters in 2004, provides limited protection for local revenues, potential State revenue takeaways are not predictable enough to warrant modeling, and are not included in the forecast. The State can once again take money from local government to balance its own budget beginning in FY 2008/09.
- Most of the service reductions and corresponding budget reductions implemented in prior years remain in place for the forecast period, and the forecast now also includes 5% sustainable ongoing budget reductions for Police and Fire, and 10% sustainable ongoing budget reductions for all other departments, beginning in FY 2009/10. In addition, vacancy management and control continues to be an important strategy in managing through the current economic uncertainty.
- Commitments for fund transfers contained in the proposed FY 2009/10 – FY 2013/14 CIP are included. However, there are no transfers for capital projects in FY 2009/10 or FY 2010/11.
- Commitments for all known and anticipated debt service costs are included.

The financial forecast is located on page 75 of the budget document. Projected costs exceed projected resources (excluding fund balance and reserves) in FY 2009/10 as well as FY 2010/11. Staff will monitor budget performance, including the effects of any proposed State actions, closely and will return to Council with budget modifications as warranted.

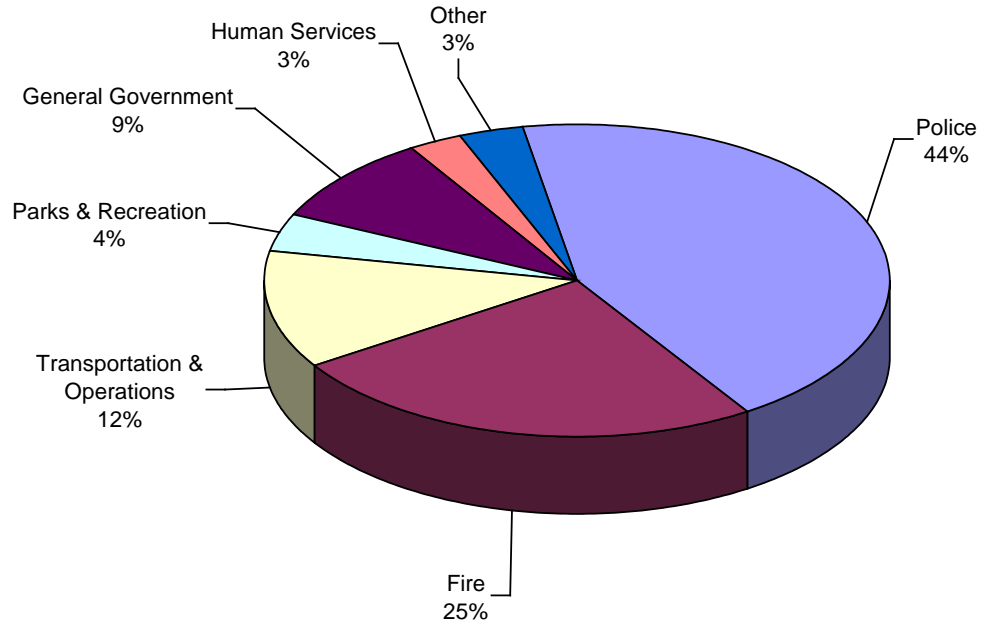
**General Fund Available Resources**  
**Fiscal Year 2009/10: \$135,667,000**



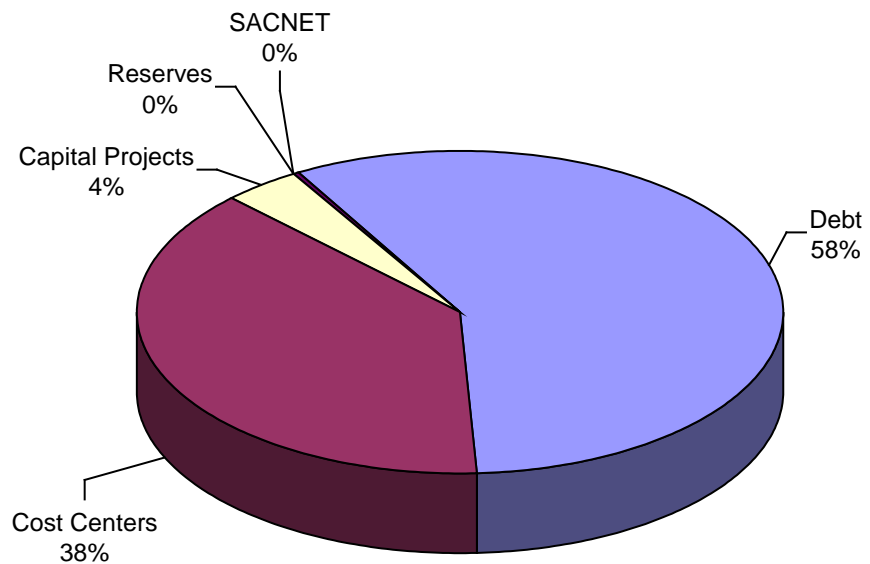


## General Fund Allocation of Resources

### General Fund Expenditures Fiscal Year 2009/10: \$122,242,000



### General Fund Transfers Out Fiscal Year 2009/10: \$13,425,000



### Non-Departmental Budget

General Fund appropriations not directly associated with specific departments are classified as “non-departmental.” Expenditures and certain types of anticipated general savings that are not identified with or allocated to individual departments are included in the non-departmental budget.

#### **Budgeted Expenditures**

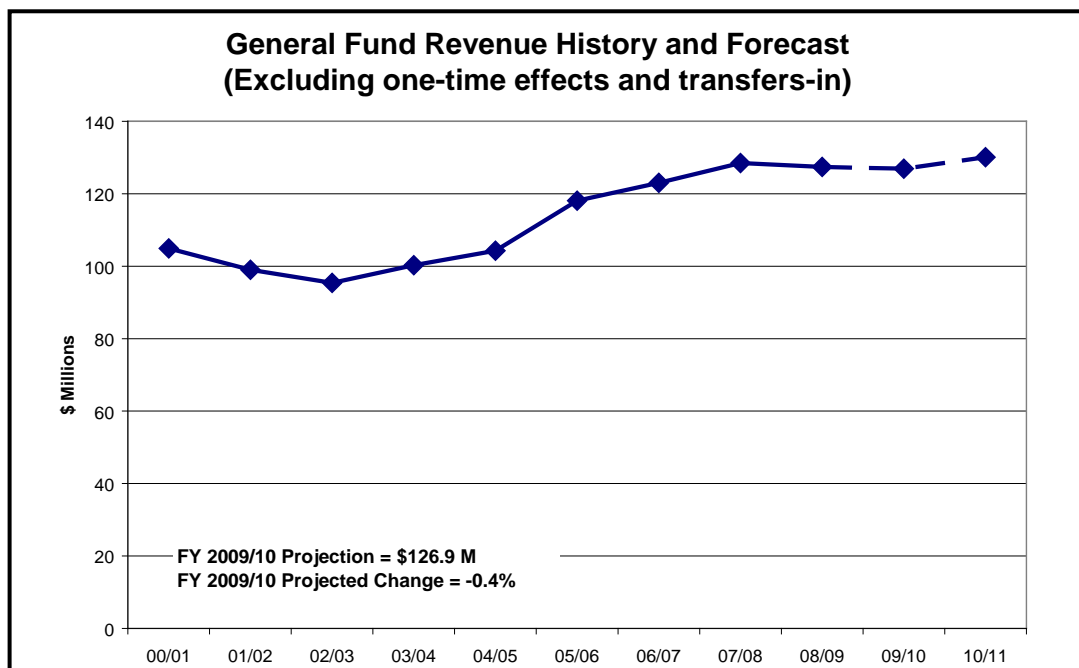
• Annual Operating Contingency Account	\$ 1,000,000
• Employee Leave Cash-Out	1,000,000
• Property Tax Administration Fee and Revenue Audit Fees	600,000
• Miscellaneous and Debt Services Fees	325,000
• Other Non-Departmental	34,000

<b>Non-Departmental Budget</b>	<b>\$2,959,000</b>
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## General Fund Revenues Overview

Total FY 2009/10 General Fund estimated revenues (excluding transfers from other funds, fund balance, and reserves) are \$126.9 million, which is \$0.5 million, or 0.4%, less than total estimated revenues for FY 2008/09, and 5.4% (\$7.2 million) less than anticipated when the FY 2008/09 budget was adopted. Seventy-five percent of the City's revenue is controlled by the State, including property tax, sales tax, and vehicle license fees, all of which the State has manipulated in recent years.

After steep declines in City revenues between FY 2000/01 and FY 2002/03, the City's revenue base and its local economy began to show signs of revival in FY 2005/06. However, the continued concerns caused by both the unpredictable economy and the housing downturn, and the State's continuing budget problems, came to fruition in FY 2007/08. The brief signs of improvement were quickly followed with another period of slowing growth. Then, in the fall of FY 2008/09, the global economy imploded, resulting in what is being called the "Great Recession." As a result of these downturns and ongoing turbulence, the City will no longer be able to maintain past service levels.



The City, the State, and the nation are all feeling the significant effects of the global financial crisis. The State is currently anticipating a budget shortfall for FY 2009/10 between \$15.4 billion and \$21.3 billion – and this number could grow if revenues continue to deteriorate. State constitutional provisions and State laws approved by the voters limit the State's budget flexibility in solving structural deficits. Voters have "locked in" an increasing share of budgeted expenditures without increasing revenues. Such voter-approved funding commitments are often contradictory but, even worse, they reduce the State's flexibility needed to deal with changing budget circumstances. All of these factors, combined with the need for a two-thirds vote in each house of the Legislature to approve a budget, make it especially difficult for the Governor and the Legislature to reach agreement on the State's budget.

## General Fund | General Fund Revenues

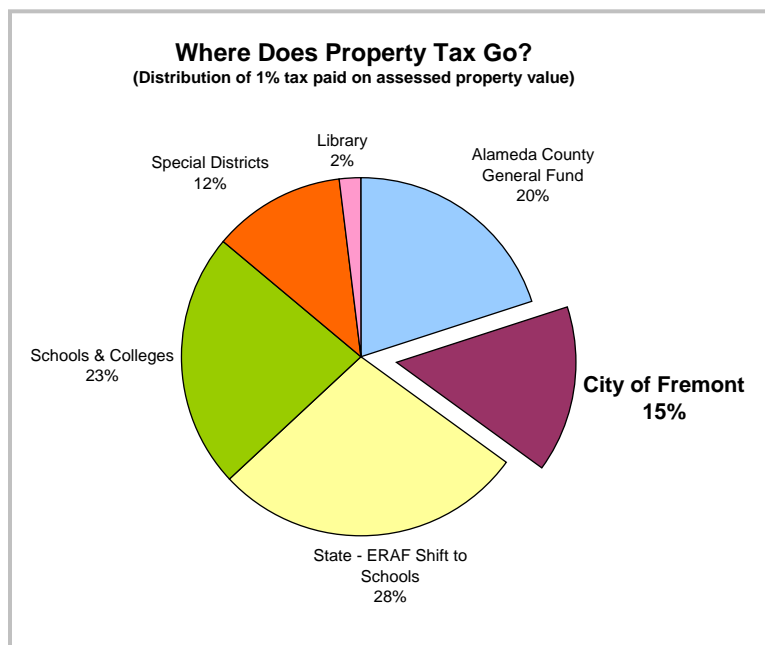
As for the economy, economists are generally expecting recovery to begin to occur sometime in FY 2010/11. However, many economists are referring to this as an “L-shaped” recovery, meaning the sharp drop we have been experiencing, followed by a period of little or no improvement. The economic crisis has spread far and wide, and although Fremont was prepared to weather the economic storm for a couple of years, the downturn finally became so pronounced and prolonged that we are no longer immune to the impacts.

This section provides additional background and forecast information for the following key General Fund revenues:

- Property Taxes – including VLF replacement revenue
- Sales and Use Taxes – including “triple flip” revenues
- Franchise Fees
- Hotel/Motel Occupancy Taxes
- Business License Taxes

### Property Taxes

**Description:** Property tax is an ad valorem tax (based on value) imposed on real property (land and permanently attached improvements such as buildings) and personal (movable) property. Proposition 13, adopted by California voters on June 6, 1978, created a comprehensive system for the assessment and limitation of real property taxes. Property owners pay the tax based on their real property’s adjusted



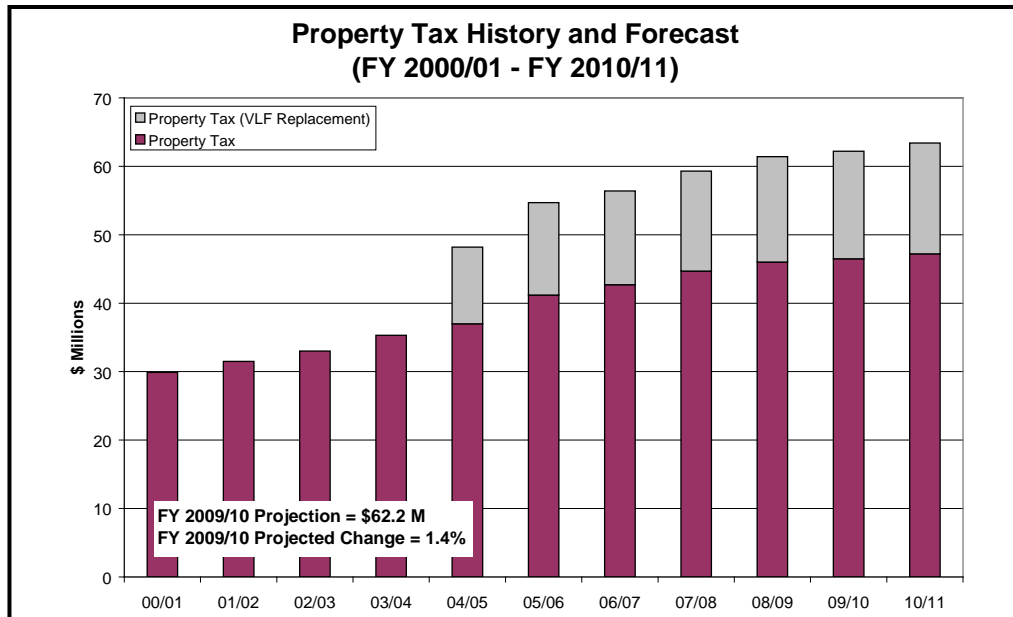
assessed full value. Proposition 13 set the FY 1975/76 assessed values as the base year from which future annual inflationary assessed value increases would grow (not to exceed 2% for any given year). The County Assessor also re-appraises each real property parcel when there are purchases, construction, or other statutorily defined “changes in ownership.” Proposition 13 limits the property tax rate to 1% of each property’s full value plus overriding rates to pay voters’ specifically approved indebtedness. Property taxes are the City’s single largest revenue source, comprising approximately 49% of total FY 2009/10 projected revenues, or \$62.2 million.

The City of Fremont receives 15 cents of every dollar of property tax paid (see above chart). Alameda County and the schools, including Fremont Unified School District, receive most of the revenue from property taxes assessed on real property located in the City.

Proposition 13 (Section 1, Article XIII A of the State Constitution) transferred control and accountability for property tax rates from city and county government to the State government. It allows the State legislature to apportion the property tax collections among the various cities, counties, and special districts “according to law.” In the late 1970s, the State Legislature settled on an allocation method under which each local government’s percentage share of property taxes was the same as that government’s prorated share of the entire county’s property taxes in the mid-1970s. Beginning in 1992, the legislature reduced city allocations through the ERAF I and ERAF II legislation so that tens of millions of dollars in City property taxes were transferred to the schools. This shift costs the City of Fremont approximately \$13.7 million annually. More recently, in FY 2003/04, to deal with the State’s fiscal crises, the legislature adopted ERAF III, which resulted in another allocation change that caused the City of Fremont to lose an additional \$5.4 million between FY 2004/05 and FY 2005/06. The City’s Redevelopment Agency lost \$4.6 million in property tax increment during this same period, for an additional total impact on the City and the Redevelopment Agency combined of \$10 million.

California voters passed Proposition 1A on November 4, 2004, giving California cities some relief from future State tinkering with traditionally local revenues. The State Legislature can only change city property tax allocations in emergencies and by a two-thirds vote in both legislative houses, and then for only two years before the revenue has to be repaid with interest. While not perfect, these provisions helped reduce the City’s revenue uncertainty somewhat through FY 2007/08 because the State could not avail itself of these provisions until FY 2008/09. Although the State has not yet invoked the provisions of Proposition 1A, the State’s increasing budget deficit and continuing fiscal challenges are an ongoing threat to California cities. The outcome of the ballot measures in May and the continuing economic decline mean that the State is still likely to come to cities to balance its own budget in the future and, in fact, the Governor has proposed this as one means of addressing the State budget deficit should the ballot propositions fail in the May 19, 2009 election (which they did).

**Forecast:** Property tax revenues are estimated to total \$61.4 million in FY 2008/09. Staff projects property tax revenues for FY 2009/10 will increase to \$62.2 million. The real estate sales volume that began slowing in early 2006 has continued into 2009, and is expected to continue through 2011. Although volume is down, values haven’t faltered quite as much as in other cities. The relative stability of Fremont housing market prices over the past few years provides some measure of confidence for modest property tax growth in FY 2009/10 because the taxes are based on the value as of January 1, 2009.



**Key Factors in the Forecast:** The most significant property tax revenue indicator is the change in property assessed full values. Properties are re-appraised upon most ownership changes and new construction. Strength in Fremont’s real estate market drove the assessed value and City revenue growth in the second half of the 1990s, and again in the middle 2000s. Property tax collections, although impacted by delinquencies countywide, have continued to come in as expected in FY 2008/09. For FY 2009/10, however, indications from the County Assessor’s Office lead us to believe that the 2% statutory increase will not be met. The taxes for FY 2009/10 were assessed effective January 1, 2009, so price declines that might be caused by interest rate hikes and other market influences since that date will not change these values. Many economists are predicting that the economy will stabilize and begin to improve in FY 2010/11.

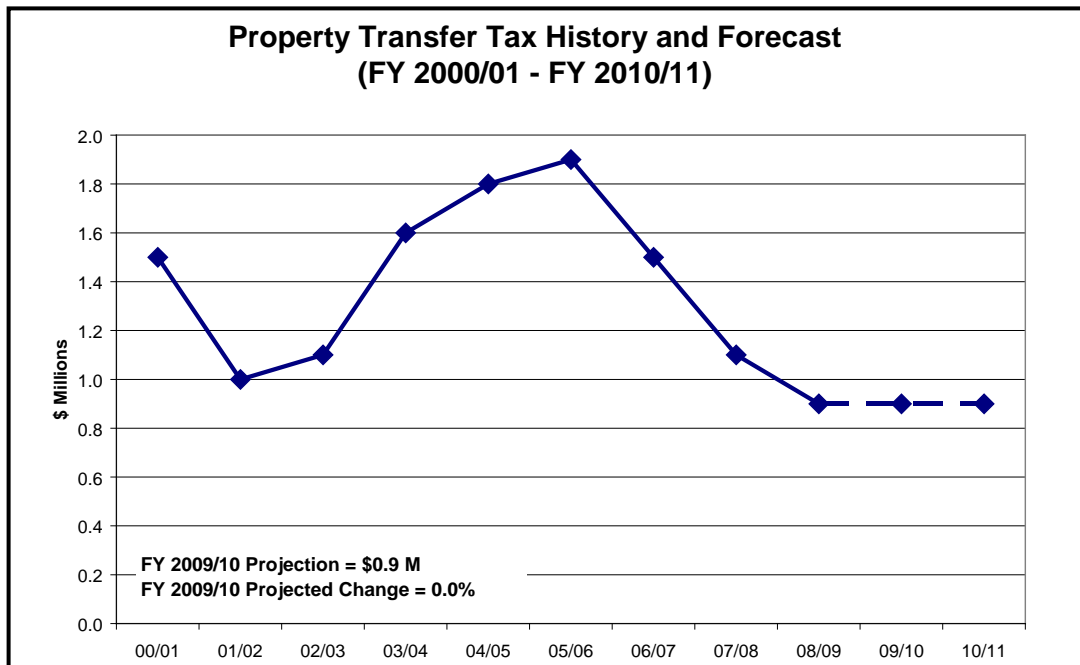
Interest rate increases as well as tighter mortgage lending practices pose a risk to the housing market’s continuing vitality. Much of the value run-up relates to historically low home mortgage interest rates. By some estimates, more than 30% of the home sales in California are now financed by adjustable rate mortgages (ARMs). Higher interest rates, many of which started as low “teaser” rates in the sub-prime mortgage category, have now reset to higher rates, causing the nationwide explosion of foreclosures. The nation continues a period of readjustment in terms of the housing segment of the economy. Substantial real property sales volume and property value declines pose economic risks to future City property tax and sales tax growth rates. The City has already experienced significant declines in its real property transaction volume, as well as a decrease in property transfer tax revenue. Property values are still increasing in Fremont, albeit at a very slow rate, but they are not falling, as is the case in many cities elsewhere in the State and throughout the country.



The high-tech industry recovery is encouraging, but still fragile in light of the overall national economic conditions. Although not a significant factor to date, vacant commercial, research and/or industrial properties increase the risks of property valuation appeals (lower re-appraised values can reduce assessments and revenues) and of property tax payment delinquencies. Commercial and industrial properties comprise about one-third of Fremont's property tax base. The latest word is that commercial property valuation declines are now beginning to occur.

The State projects that its revenues will not be sufficient to meet its financial obligations for the foreseeable future and is projecting deficits into future years that most likely will not have been resolved at the time the City's budget is adopted by the City Council. It is possible the State may decide to borrow money from cities again in accordance with Proposition 1A of 2004 if it does not resolve its budget deficit. If potential borrowing becomes a reality, the City may need to revisit and possibly amend its budget, depending on actions the State takes.

The property transfer tax trend is also considered in estimating property tax revenues. The City has experienced decreases in property transfer tax in FY 2006/07 and FY 2007/08, and even more significant decreases in FY 2008/09. Properties are still changing hands, but not at the volume seen in previous years. Generally, real property transactions that generate property transfer taxes also trigger re-assessment under Proposition 13. In FY 2008/09, Fremont began to see declines in median sales prices that started in other areas in the prior fiscal year.

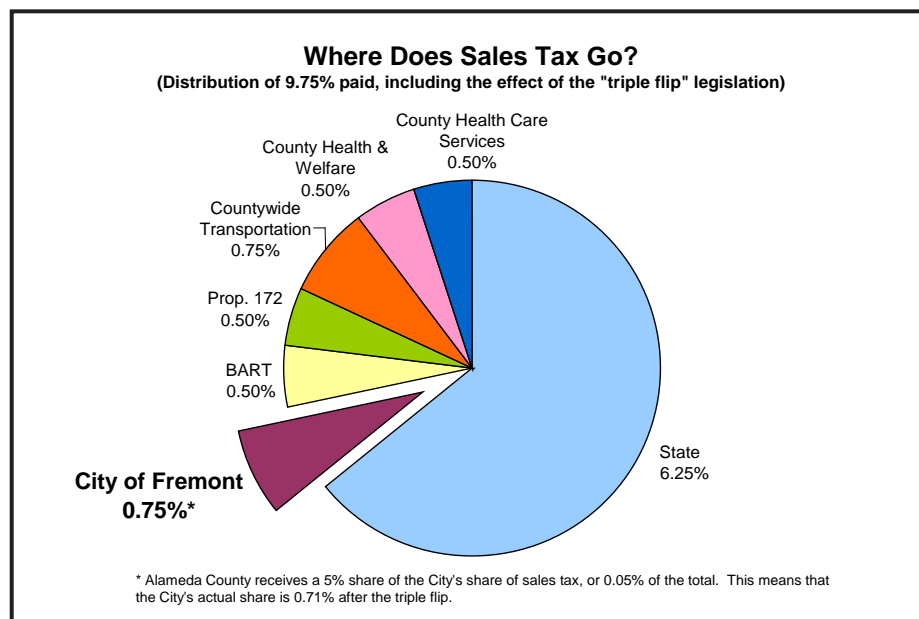


### Sales and Use Taxes

**Description:** The local sales and use tax rate through March 31, 2009, was 8.75%. Sales tax is collected on the sale of taxable goods within Fremont. Use tax is the corresponding tax on transactions involving taxable goods purchased out of state for use or storage in Fremont. Sales and use taxes are collected by the State, which then pays local government its respective share. Sales and use taxes (collectively, “Sales Taxes” in the budget) are the City’s second-largest revenue source and comprise about 25% of FY 2009/10 General Fund revenues. As part of the State’s resolution of budget deficits, the State Legislature enacted a temporary 1% increase to the State sales tax rate (effective April 1, 2009), resulting in a local sales and use tax rate in Alameda County of 9.75%. This rate will be in effect until FY 2011/12.

In March 2004, California voters passed Proposition 57, approving the sale of State Economic Recovery Bonds. The bond proceeds were used to fund the State’s cash flow deficit and avert an operational financial crisis. To issue the bonds, the State needed a steady revenue source it could pledge to secure its payments – like sales taxes. To solve its problem, the State implemented the “triple flip.” Under the “triple flip,” the State’s bonds are secured by a quarter-cent increase in the State’s share of sales tax with a corresponding decrease in local government’s share of sales tax (there was no sales tax rate change). To compensate for the loss, local governments will receive additional real property taxes that would otherwise go to the schools (which will receive State General Fund payments), until the State’s Economic Recovery Bonds are repaid. The additional property taxes are to replace the lost sales taxes on a dollar for dollar basis.

Although the State had been attempting to pay off the Economic Recovery Bonds early and, thus, end the “triple flip,” exactly the opposite has occurred. Because of the State’s continuing budget problems, it sold the last of the authorized Economic Recovery Bonds in the spring of 2008, thereby ensuring that the “triple flip” will remain in place for several years to come.



Before FY 2004/05, the sales tax rate in Fremont was 8.25%. The City received 12.1% of the tax paid, which was approximately 1% of the price paid for the good. In March 2004, Alameda County voters passed Measure A, which raised the sales tax rate by 0.5%, to 8.75%, to fund County Health Care Services. This reduced the City's share of tax paid to 11.4% (still approximately 1% of the price paid for the good). As shown on the prior page, the City now receives 0.75% of each taxable sale, which equates to 8.6% of total sales tax revenues collected by all jurisdictions, down from the 12.1% we used to receive. The remaining 0.25% of each taxable sale now comes to the City as property tax because of the "triple flip."

During the time the additional 1% sales tax increase is in effect, the City will receive 7.7% of total sales tax revenues collected by all jurisdictions.

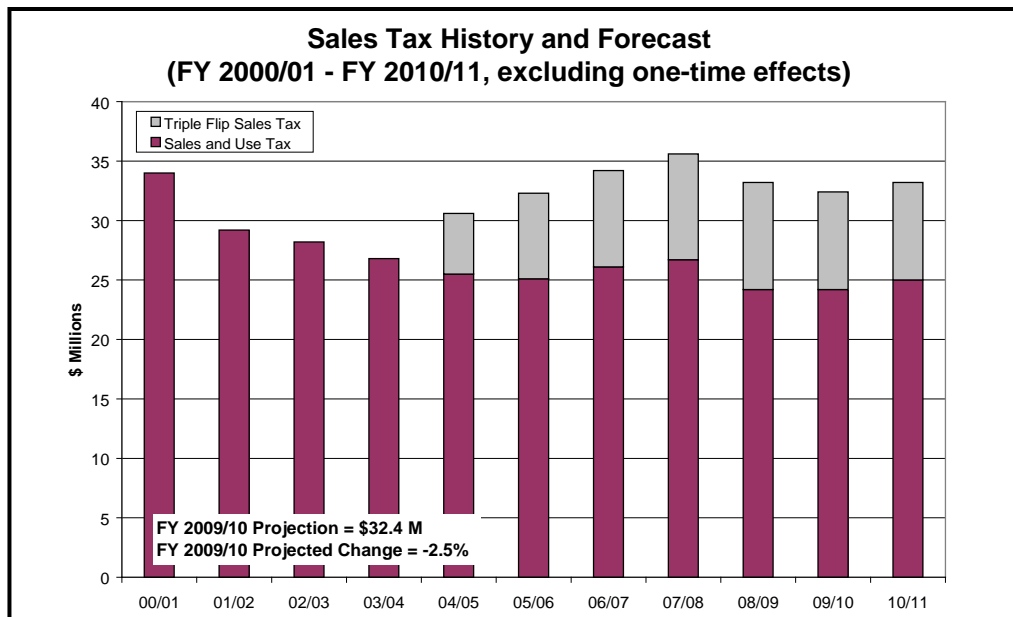
**Forecast:** FY 2008/09 sales tax revenues, including the "triple flip" replacement, are projected to be \$33.2 million. The FY 2009/10 budgeted amount is \$32.4 million, or \$847,000 less than FY 2008/09. For projection purposes, sales tax has three components: the local retail economic base, the property tax replacement related to the triple flip, and Proposition 172 sales tax revenue, which is dedicated to funding public safety activities. The following table relates the component projections to the total.

Projection Component	FY 2008/09 Estimated	FY 2009/10 Projected	Difference
"Regular" retail sales tax	\$23.1 million	\$23.1 million	\$0
"Triple flip" property tax replacement	9.0 million	8.2 million	- 0.8 million
Proposition 172 sales taxes	1.1 million	1.1 million	0
Total	\$33.2 million	\$32.4 million	-\$0.8 million

The local retail economic base is generally considered "regular" sales tax. It is the 0.75% of the price paid for taxable goods, referenced above, that is received by the City. Of the \$847,000 projected decrease, none of it is attributable to contraction in the retail base in FY 2009/10, in contrast to the significant contraction that occurred in FY 2008/09.

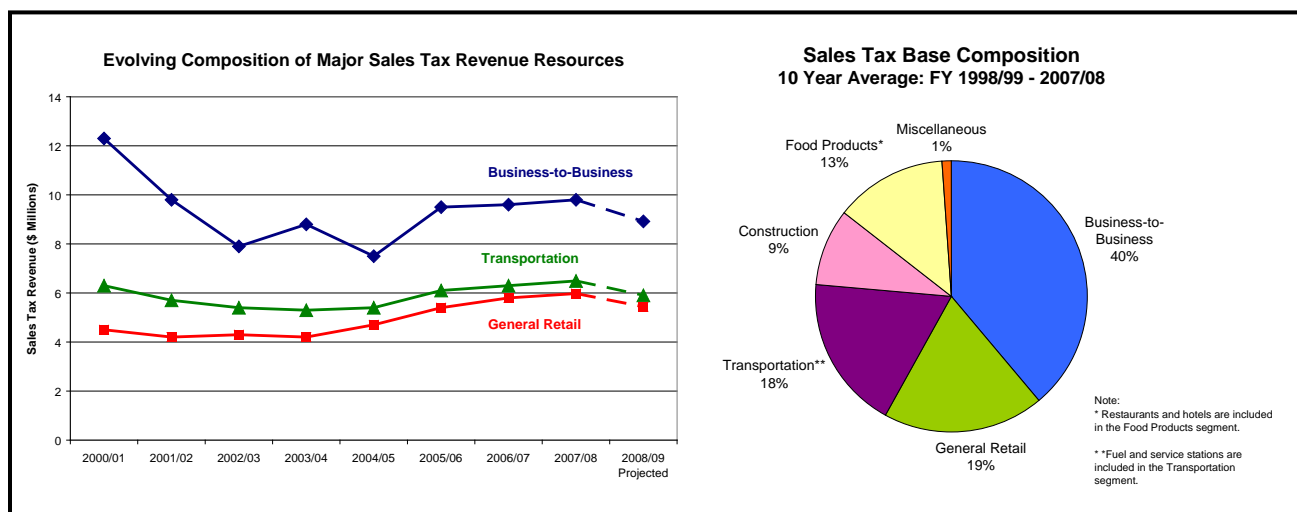
The "triple flip" property tax replacement revenue is projected to decrease by \$0.8 million in FY 2009/10. The amount of replacement revenue the City receives is based on the growth in "regular sales tax" revenue from the prior year. Because regular sales tax is estimated to decline by approximately 9% in FY 2008/09, the triple flip replacement revenue is anticipated to decline by the same amount in FY 2009/10.

Proposition 172 sales taxes are the City's share of the one-half cent sales tax for public safety services approved by California voters in 1993. In FY 2008/09, the City's share is expected to be \$1.1 million. Unlike "regular" sales tax revenues, which are based on retail activity in Fremont, Proposition 172 sales tax is collected and allocated on a statewide basis, so annual changes more closely resemble the statewide retail economy. For FY 2009/10, the Proposition 172 component of the City's sales tax revenues is projected to remain steady at \$1.1 million.



The graph above displays the sales tax forecast. In FY 2004/05, the City began to receive the “triple flip” property tax payments. The darker bars on the graph represent traditional sales tax dollars and the gray portion of the bars represent property tax dollars the City is receiving in lieu of sales taxes under the “triple flip.”

**Key Factors in the Forecast:** The Business-to-Business segment remains the largest segment of the sales tax pie. This segment grew from 30% of the tax base in FY 1990/91 to 41% in FY 2000/01. The high-tech sector recession that began in 2001 dampened business-to-business sales levels for a number of years, although it began to show signs of improvement in FY 2007/08. For FY 2008/09, the Business-to-Business segment will constitute about 34% of the sales tax base. This City revenue remains vulnerable to any weakness of the Silicon Valley economy. The largest of the City’s sales tax segments are highlighted in the following graph.



Sales tax is vulnerable to downturns in several segments of the economy. The general retail sales tax base has become a larger piece of the pie, with increases in retail such as the Pacific Commons development. After the “dot-com” bust, efforts to diversify the City’s sales tax base were successful, with the result being a more balanced mix of sales tax segments and reduced reliance on any single sector.

Sales tax declines in the City are not as severe as those experienced in other parts of the Bay Area and the State. Particular segments that are showing declines are those related to declines in the housing market, including sales of construction materials and home furnishings. Sales of new automobiles have declined in recent months as well, leading to the closure of two car dealerships. As mortgage rates fell, many people used the equity in their homes to make major purchases. Now that the mortgage market has tightened and lenders have frozen some of these equity lines of credit, retail sales of major items, such as vehicles, have declined significantly.

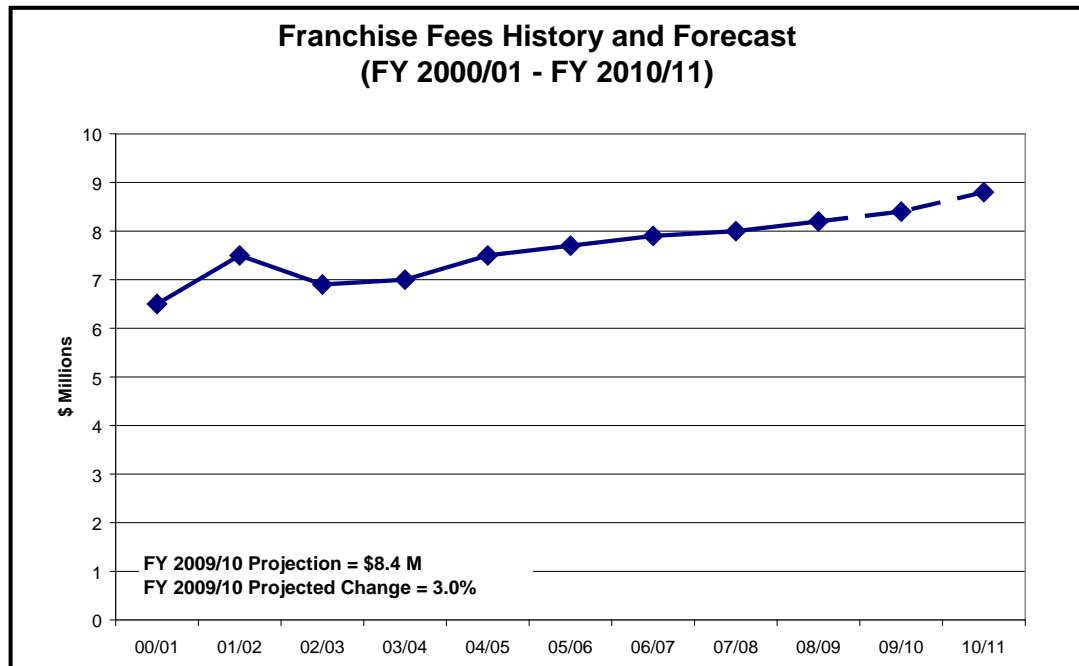
Since the peak year of FY 2000/01, revenue from the Business and Industry sector has decreased by one-third, or approximately \$4 million. Most other retail categories have been stable or have increased modestly. The FY 2009/10 budget assumes that the economy will neither grow nor contract, and that inflation will remain low (CPI-U for April 2009 was 0.8% in the local area).

### Franchise Fees

**Description:** State law provides cities with the authority to grant franchises to privately-owned utility and other companies for their use of the public right-of-way. The City receives franchise fees from the electric and gas utility, the solid waste collection company, local cable companies, and certain other entities for their privilege of using the public right-of-way within the City. The dominant franchise fees are calculated as a percentage of the respective franchisee’s gross revenues (subject to specified statutory adjustments) earned from services delivered or performed by the franchisee within the City.

The maximum gas and electric franchise rate is the greater of 1% on gas and electric adjusted gross revenues or 2% of the asset investment base within the City, as set by California law. PG&E pays its electric and gas utility franchise fee annually in April based on its revenues for the preceding calendar year. FY 2009/10 gas and electric utility franchise revenues will be computed as 1% of PG&E’s adjusted gross revenues (the 1% of revenues method generally results in a greater fee than the 2% of invested assets method) for calendar year 2009 and will be received by the City in April 2010.

The solid waste collection franchise fees are negotiated between the City and the refuse collector. The cable franchise rate, formerly established by City ordinance, is now determined in accordance with AB 2987, the Digital Infrastructure Video Competition Act (DIVCA). The franchise fee rate of 5% of the cable company’s “gross revenues” is unchanged, but cable providers now operate under a State franchise, rather than a local franchise. The solid waste collection franchise fee is paid monthly and the cable franchise fee is paid quarterly (both in arrears) throughout the fiscal year.



**Forecast:** Combined estimated FY 2008/09 franchise revenues increased slightly, to \$8.2 million. In FY 2009/10, they are projected to increase to \$8.4 million. This increase is due to rate increases for those revenues upon which franchise fees are collected, combined with modest growth in the number of accounts generating revenues.

**Key Factors in the Forecast:** Combined estimated FY 2008/09 franchise revenues increased slightly, to \$8.2 million. In FY 2009/10, they are projected to increase to \$8.4 million. This increase is due to rate increases for those revenues upon which franchise fees are collected, combined with modest growth in the number of accounts generating revenues.

- Electricity franchise: PG&E franchise revenues change because of changes to the cost of natural gas and other resources used to generate electricity, consumer power demands (which are affected by the economy), interstate energy contract pricing, and state and federal regulatory changes. PG&E projects a modest revenue increase for 2009, so the City likewise expects a corresponding increase in its FY 2009/10 electric franchise revenues. Decreased demand (a factor of weather and price) or significant interstate cost decreases are factors that might negatively affect this revenue.
- Gas franchise: Gas franchise revenues comprise only about 9% of total franchise revenues.
- Cable franchise: Comcast raised prices modestly in October 2008, and continues to expand its Fremont customer base at a modest pace. Telephone (telecommunication) companies like AT&T have entered the video/television business to compete with cable providers, with the result that a small portion of the City's cable franchise revenues now come from AT&T. AB 2987 was signed into California law and became effective January 1, 2007. This legislation transferred the essential franchising functions to the State and set a fixed franchise fee of 5%.

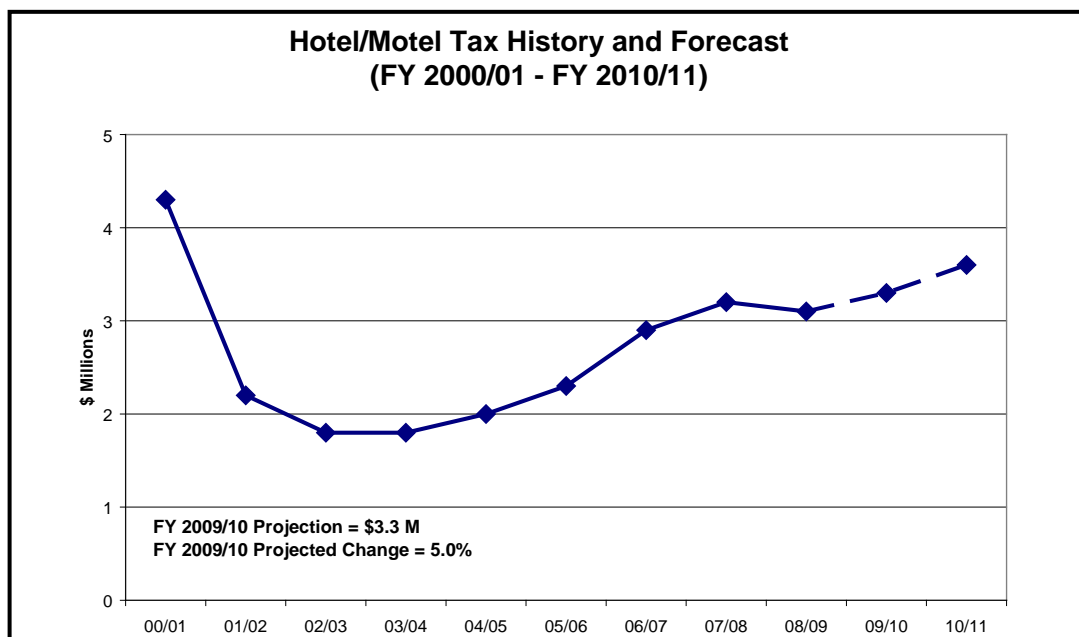


- Solid waste collection franchise: Solid waste collection franchise revenues are expected to remain relatively constant, and are not currently subject to extraordinary risks. Solid waste franchise fee rate increases typically occur every other year, in even years. The last increase occurred in January 2008, and the next increase, if any, will occur in January 2010. With an increased focus on recycling (which is not subject to franchise fees), the revenue from solid waste collection is decreasing somewhat. The effect on City revenues means that the rate increase is only offsetting the decreased revenues from less solid waste collection. This trend is expected to continue. Therefore, solid waste franchise fee revenues may remain stagnant, with new revenue growth coming primarily from new development adding to the customer base.

## Hotel/Motel Occupancy Taxes

**Description:** The hotel/motel occupancy tax is charged on hotel and motel room occupancies of 30 days or less. It is paid by hotel and motel customers in addition to the room rate so that Fremont visitors may contribute to the cost of the public services they enjoy during their stay. In recent years, Fremont's 8% room tax rate was substantially less than the 10%-12% tax rates charged by most neighboring cities. The voters passed a measure in November 2008 (Measure MM) to increase the rate to 10% effective January 1, 2009, making Fremont comparable to its neighboring cities.

**Forecast:** The budget estimates FY 2008/09 revenues will remain relatively flat, at \$3.1 million, with a 5% increase in FY 2009/10 to \$3.3 million. Despite the rate increase for the second half of FY 2008/09, discounted local room rates and higher vacancy rates reflect the overall impacts of the recession. When the economy recovers, this revenue source is expected to grow at a rate more reflective of the 10-year historic growth rate, or 10%.



## General Fund | General Fund Revenues

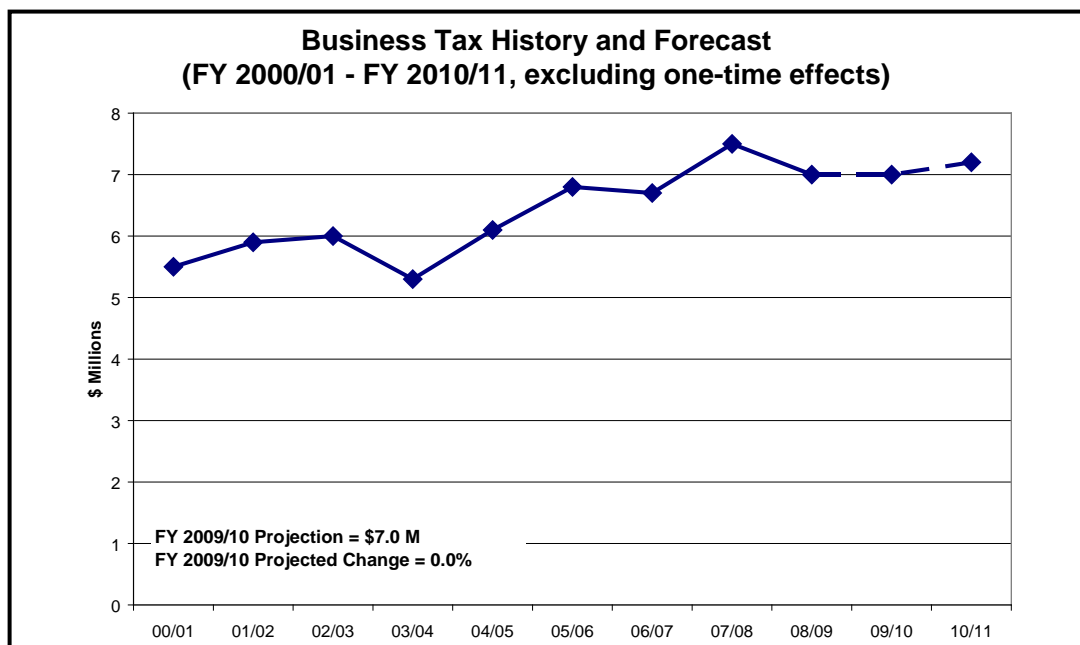
**Key Factors in the Forecast:** The volatile economy remains the greatest risk for hotel/motel tax revenues. Continuing economic recovery and the rate increase will continue to provide steady growth in this revenue source when the economy begins to grow again.

### Business License Taxes

**Description:** Business license taxes are paid by individuals and entities for the privilege of conducting business in Fremont and to help pay for public services that contribute to a favorable business environment. The tax rate depends upon the type and size of the business. Some businesses pay a flat rate, but most pay based either on their gross receipts or payroll. Business license tax receipts tend to fluctuate with economic cycles, though to a lesser degree than sales taxes.

**Forecast:** FY 2008/09 business license tax revenues are projected to decrease to \$7.0 million (down from \$7.5 million in FY 2007/08), and then remain flat in FY 2009/10, at \$7.0 million. Decreased revenues in FY 2008/09 are the result of increased enforcement efforts and collection of multiple years of back taxes in FY 2007/08 as a result of staff's collection efforts through focused enforcement projects. The decline in FY 2009/10 reflects an acknowledgement that approximately \$500,000 of the FY 2008/09 revenues are related to prior years, and are not considered part of the base from which the City forms its growth assumptions.

**Key Factors in the Forecast:** Since the onset of the high-tech recession in FY 2000/01, business license tax revenues have grown slowly and have even declined in some years. In FY 2003/04, business license taxes decreased to \$5.6 million because of a decline in the City's manufacturing base. The flat rate portion of this revenue modulates severe swings, but business license taxes tend to rise and fall in a pattern similar to that of sales taxes. Due to collection efforts in prior years, coupled with the stalled economy, business license taxes are expected to remain flat for the next year.



General Fund Recommended Budget and Forecast Through 2010/11			
(Thousands of Dollars)	FY 08/09 Estimated Actual	Adopted FY 09/10	Projected FY 10/11
<b>Revenues:</b>			
<b>Intergovernmental:</b>			
Property Taxes	\$ 46,021	\$ 46,481	\$ 47,181
Property Taxes (VLF Replacement)	15,356	15,740	16,215
Triple Flip - Sales Tax Replacement	9,010	8,163	8,163
Sales and Use Taxes	24,231	24,231	24,961
Vehicle License Fees	600	600	615
Other Intergovernmental	252	255	259
Business License Taxes	7,000	7,000	7,211
Hotel/Motel Taxes	3,104	3,259	3,603
Property Transfer Taxes	874	874	900
Franchise Fees	8,193	8,439	8,778
Charges for Services	4,700	4,794	4,987
Fines	3,000	3,060	3,153
Investment Earnings	2,584	1,600	1,608
Paramedic Fees	1,157	1,104	1,104
Other Revenues	1,275	1,275	1,314
<b>Total Revenues</b>	<b>127,357</b>	<b>126,875</b>	<b>130,052</b>
Total Operating Transfers In	7,171	5,244	5,860
<b>Resources Available: (Revenues plus Operating Transfers In)</b>	<b>134,528</b>	<b>132,119</b>	<b>135,912</b>
<b>Expenditures:</b>			
General government	11,979	11,161	11,468
Police	55,363	53,814	54,999
Fire	32,067	31,150	31,746
Community Preservation	667	746	703
Human Services	3,698	3,516	3,601
Transportation Operations Maintenance	16,122	15,185	15,600
Park Maintenance	5,086	4,711	4,833
Other Non-Departmental	3,802	2,959	3,200
Less: Citywide Savings	-	(1,500)	(1,500)
TRANS (debt) costs	531	500	500
<b>Total Expenditures</b>	<b>129,315</b>	<b>122,242</b>	<b>125,150</b>
<b>Operating Transfers Out:</b>			
CIP Projects	1,000	-	-
Downtown Plan	-	500	1,000
Debt	8,259	7,730	8,507
Cost Center Allocations	5,716	5,145	5,196
Other	50	50	50
Transfers to Reserves	601	-	-
<b>Total Operating Transfers Out</b>	<b>15,626</b>	<b>13,425</b>	<b>14,753</b>
<b>Resources Used: (Expenditures plus Operating Transfers Out)</b>	<b>144,941</b>	<b>135,667</b>	<b>139,903</b>
<b>Net Results of Operations: (Resources Available less Resources Used)</b>	<b>(10,413)</b>	<b>(3,548)</b>	<b>(3,991)</b>
Use of Budget Uncertainty Reserve	7,281	3,548	3,991
<b>Beginning Fund Balance: (Ending Fund Balance from the Prior Year)</b>	<b>3,132</b>	<b>-</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## General Fund | Transfer Detail

<b>Transfers In (Thousands of Dollars)</b>	<b>Estimated Actual FY 08/09</b>	<b>Adopted FY 09/10</b>	<b>Projected FY 10/11</b>
<b>Overhead Transfers In From Other Funds:</b>			
Overhead charges to Development (Funds 011, 012, 013)	1,987	1,873	1,892
Overhead charges to Environmental (Fund 115,123)	400	418	422
Overhead charges to Paratransit (Fund 178)	19	19	19
Overhead charges to Human Services Grants	106	115	116
Overhead charges to Recreation (Fund 189)	867	797	805
Overhead charges to Maintenance (Fund 500)	-	-	-
Overhead charges to ITS (Fund 620)	592	542	547
Overhead charges to LLMD's (Fund 460)	5	5	5
Overhead charges to Multifamily Housing/HOME (Fund 191 & 103))	4	5	5
Overhead charges to Low & Moderate Housing (Fund 911)	113	101	102
Overhead charges to RDA (Fund 950)	209	168	170
<b>Sub-total Recurring Transfers In from Other Funds</b>	<b>\$4,302</b>	<b>\$4,043</b>	<b>\$4,083</b>
<b>Miscellaneous Recurring Transfers In:</b>			
Impact fee reimbursement	950	950	950
From FRC for Maintenance	246	251	256
<b>Sub-total Misc. Recurring Transfers In</b>	<b>\$1,196</b>	<b>\$1,201</b>	<b>\$1,206</b>
<b>Miscellaneous Non-recurring Transfers In:</b>			
One Time Transfers	1,673	-	-
Transfer From Budget Uncertainty Reserve	7,281	3,548	3,991
<b>Sub-total Misc. Non-recurring Transfers In</b>	<b>\$8,954</b>	<b>\$3,548</b>	<b>\$3,991</b>
<b>TOTAL OPERATING TRANSFERS IN</b>	<b>\$14,452</b>	<b>\$8,792</b>	<b>\$9,280</b>

<b>Transfers Out (Thousands of Dollars)</b>	<b>Estimated Actual FY 08/09</b>	<b>Adopted FY 09/10</b>	<b>Projected FY 10/11</b>
<b>Transfers to the CIP:</b>			
Contribution to Maintenance	-	-	-
Contribution to Other CIP Projects	1,000	-	-
Additional CIP Contribution	-	-	-
Downtown Plan	-	500	1,000
<b>Sub-total – Transfers for the ICAP</b>	<b>\$1,000</b>	<b>\$500</b>	<b>\$1,000</b>
<b>Transfers for Debt Service:</b>			
1990 COP 39550 Liberty Street & Fire Vehicles	440	-	-
1991 COP Fire	241	-	-
1998 COP Police Building	1,318	1,318	1,312
2001 COP Liberty/Capitol, Fire Land, City Hall	1,245	2,150	2,141
2001 COP (B) Liberty/Capitol, Fire Trucks	490	738	737
2002 COP Corporation Yard & Fire Station #11	2,352	-	-
2003 COP Refunding	1,477	-	-
2008 Fixed COP	438	1,713	1,790
2008 Variable COP	258	1,811	2,527
<b>Sub-total – Debt Service &amp; Future Bond Issues</b>	<b>\$8,259</b>	<b>\$7,730</b>	<b>\$8,507</b>
<b>Cost Center Allocations:</b>			
Community Development Cost Center	2,534	2,281	2,304
Recreation Cost Center	2,709	2,438	2,462
Senior Center Cost Center	473	426	430
<b>Sub-total – Cost Center Allocations</b>	<b>\$5,716</b>	<b>\$5,145</b>	<b>\$5,196</b>
<b>Other Transfers from the GF:</b>			
Other Transfers (SACNET \$50k)	50	50	50
<b>Sub-total – Other Transfers</b>	<b>\$50</b>	<b>\$50</b>	<b>\$50</b>
<b>Transfers from the GF to Reserves:</b>			
Transfer to Contingency Reserve	501	-	-
Transfer to Program Equity Investment Reserve	100	-	-
<b>Total Reserves</b>	<b>\$601</b>	<b>\$-</b>	<b>\$-</b>
<b>TOTAL OPERATING TRANSFERS OUT</b>	<b>\$15,626</b>	<b>\$13,425</b>	<b>\$14,753</b>

## General Fund | Historical Comparison

General Fund Historical and Recommended Budget 2009/10						
(Thousands of Dollars)	FY 04/05 Actual	FY 05/06 Actual	FY 06/07 Actual	FY 07/08 Actual	FY 08/09 Estimated Actual	FY 09/10 Adopted Budget
<b>Revenues:</b>						
<b>Intergovernmental:</b>						
Property Taxes	\$ 36,779	\$ 41,238	\$ 42,733	\$ 44,681	\$ 46,021	\$ 46,481
State ERAF III Revenue loss	(2,743)	(2,743)	-	-	-	-
Property Taxes (VLF Replacement)	11,157	13,487	13,699	14,625	15,356	15,740
Triple Flip - Sales Tax Replacement	5,105	7,154	8,137	8,885	9,010	8,163
Sales and Use Taxes	25,514	25,123	26,054	26,699	24,231	24,231
Vehicle License Fees	1,353	1,367	1,220	939	600	600
Other Intergovernmental	879	757	1,473	787	252	255
Business License Taxes	6,092	6,771	6,738	7,508	7,000	7,000
Hotel/Motel Taxes	2,017	2,342	2,885	3,181	3,104	3,259
Property Transfer Taxes	1,785	1,948	1,505	1,092	874	874
Franchise Fees	7,546	7,666	7,903	7,954	8,193	8,439
Charges for Services	3,064	3,319	3,600	4,444	4,700	4,794
Fines	2,695	2,647	2,849	2,773	3,000	3,060
Investment Earnings	1,963	2,233	2,174	2,584	2,584	1,600
Paramedic Fees	1,014	1,055	1,070	1,104	1,157	1,104
Other Revenues	1,021	958	920	1,185	1,275	1,275
VLF Loan	3,270	-	-	-	-	-
<b>Total Revenues</b>	<b>108,511</b>	<b>115,322</b>	<b>122,960</b>	<b>128,441</b>	<b>127,357</b>	<b>126,875</b>
<b>Total Operating Transfers In</b>	<b>6,591</b>	<b>7,226</b>	<b>7,471</b>	<b>7,238</b>	<b>7,171</b>	<b>5,244</b>
<b>Resources Available: (Revenues plus Operating Transfers In)</b>	<b>115,102</b>	<b>122,548</b>	<b>130,431</b>	<b>135,679</b>	<b>134,528</b>	<b>132,119</b>
<b>Expenditures:</b>						
General government	9,657	11,035	11,144	11,496	11,979	11,161
Police	43,137	45,904	49,377	52,473	55,363	53,814
Fire	24,940	26,130	27,369	30,164	32,067	31,150
Community Preservation	585	588	639	723	667	746
Human Services	2,626	2,874	3,099	3,588	3,698	3,516
Transportation Operations Maintenance	-	-	-	-	16,122	15,185
Park Maintenance	-	-	-	-	5,086	4,711
Other Non-Departmental	1,603	1,108	1,071	1,639	3,802	2,959
Less: Citywide savings	-	-	-	-	-	(1,500)
TRANS (debt) Costs	131	187	496	-	531	500
<b>Total Expenditures</b>	<b>82,679</b>	<b>87,826</b>	<b>93,195</b>	<b>100,083</b>	<b>129,315</b>	<b>122,242</b>
<b>Total Operating Transfers Out</b>	<b>37,077</b>	<b>36,381</b>	<b>36,658</b>	<b>39,599</b>	<b>15,626</b>	<b>13,425</b>
<b>Resources Used: (Expenditures plus Operating Transfers Out)</b>	<b>119,756</b>	<b>124,207</b>	<b>129,853</b>	<b>139,682</b>	<b>144,941</b>	<b>135,667</b>
<b>Net Results of Operations: (Resources Available less Resources Used)</b>	<b>(4,654)</b>	<b>(1,659)</b>	<b>578</b>	<b>(4,003)</b>	<b>(10,413)</b>	<b>(3,548)</b>
Change in Encumbrance Reserve	(379)	(250)	179	255	-	-
Adjustment for Fair Market Value	2,028	550	-	-	-	-
<b>Use of Budget Uncertainty Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,281</b>	<b>3,548</b>
<b>Beginning Fund Balance: (Ending Fund Balance from the Prior Year)</b>	<b>10,487</b>	<b>7,482</b>	<b>6,123</b>	<b>6,880</b>	<b>3,132</b>	<b>-</b>
<b>Ending Fund Balance</b>	<b>\$ 7,482</b>	<b>\$ 6,123</b>	<b>\$ 6,880</b>	<b>\$ 3,132</b>	<b>\$ -</b>	<b>\$ -</b>



# Other Funds

## Other Funds

For budget purposes, the City's funds are grouped into five categories:

- General Fund
- Cost Center/Internal Service
- Special Revenue
- Redevelopment
- Capital Funds

The first three categories constitute the City's primary operating funds, and the last two are special classes of funds used mostly for capital investments. Funding for most City operations comes from the first three categories. The following section provides an overview of the City's Cost Centers, Internal Service funds, Special Revenue funds, Redevelopment funds, and Capital funds. Detailed information about the General Fund is available under the General Fund section of this document.



## Other Funds

### Summary of All Other Funds

(Thousands of Dollars)	Cost Center/ Internal Service Funds	Special Revenue Funds	RDA Funds	Capital Funds	Total All Other Funds
<b>Revenues</b>					
<b>Intergovernmental:</b>					
Property Taxes	\$ -	\$ -	\$ 36,328	\$ -	\$ 36,328
Property Taxes (VLF Replacement)	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-
Sales and Use Taxes	-	736	-	-	736
Vehicle License Fees	-	-	-	-	-
Other Intergovernmental	-	7,955	-	7,046	15,001
Business License Taxes	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Charges for Services	21,877	6,865	-	-	28,742
Fines	-	-	-	-	-
Investment Earnings	712	42	1,937	2,441	5,132
Paramedic Fees	-	-	-	-	-
Other Revenues	496	1,349	50	3,515	5,410
<b>Total Revenues</b>	<b>23,085</b>	<b>16,947</b>	<b>38,315</b>	<b>13,002</b>	<b>91,349</b>
Total Transfers In	5,145	188	-	8,480	13,813
<b>Resources Available: (Revenues plus Total Transfers In)</b>	<b>28,230</b>	<b>17,135</b>	<b>38,315</b>	<b>21,482</b>	<b>105,162</b>
<b>Expenditures</b>					
General Government	-	-	-	-	-
Police	-	1,396	-	-	1,396
Fire	-	752	-	-	752
Transportation and Operations	1,952	6,909	-	1,200	10,061
Community Development:					
Planning	4,016	-	-	-	4,016
Building and Safety	4,950	-	-	-	4,950
Engineering	6,405	-	-	-	6,405
Community Preservation	-	85	-	-	85
Housing and Redevelopment	-	560	26,070	-	26,630
Human Services	636	7,578	-	-	8,214
Parks and Recreation	7,244	191	-	-	7,435
Non-departmental	(673)	600	-	7,772	7,699
Less: Citywide Savings					-
Debt Costs	-	825	4,878	7,730	13,433
<b>Total Expenditures</b>	<b>24,530</b>	<b>18,896</b>	<b>30,948</b>	<b>16,702</b>	<b>91,076</b>
Total Transfers Out	3,462	946	269	955	5,632
<b>Resources Used: (Expenditures plus Operating Transfers Out)</b>	<b>27,992</b>	<b>19,842</b>	<b>31,217</b>	<b>17,657</b>	<b>96,708</b>
<b>Net Results of Operations: (Resources Available less Resources Used)</b>	<b>238</b>	<b>(2,707)</b>	<b>7,098</b>	<b>3,825</b>	<b>8,454</b>
Use of Budget Uncertainty Reserve	-	-	-	-	-
Beginning Fund Balance - 6/30/09 (est.)	11,097	13,520	19,321	17,113	61,051
<b>Fund Balance - 6/30/10 (est.)</b>	<b>\$ 11,335</b>	<b>\$ 10,813</b>	<b>\$ 26,419</b>	<b>\$ 20,938</b>	<b>\$ 69,505</b>

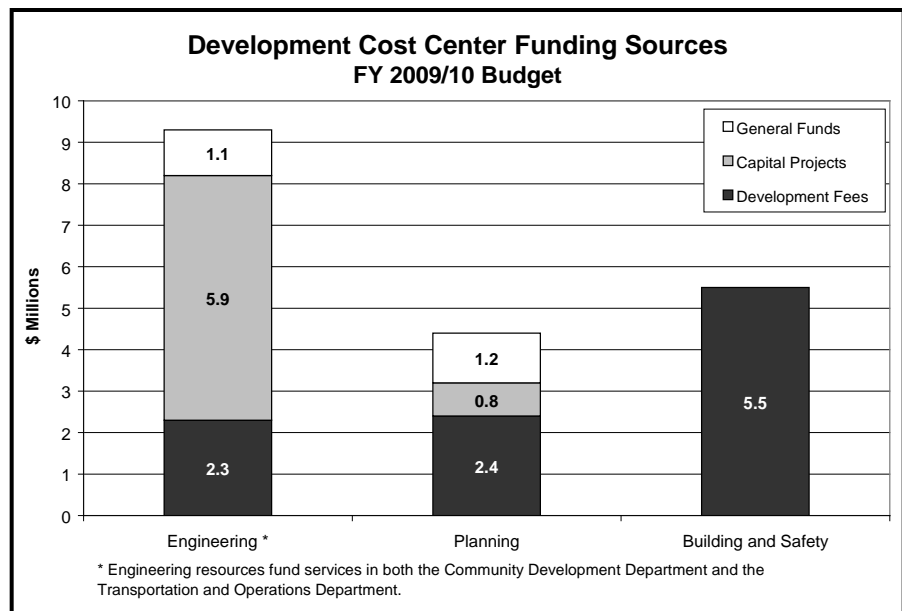
## Cost Centers & Internal Service Funds

The City uses cost centers to account for City activities that are predominantly fee-based. These funds receive revenues from external users in the form of fees for services and transfers from other funds for work on City projects. The cost centers are intended to maintain their fund balances from year to year to provide flexibility to respond to revenue decreases or unexpected costs. The City uses internal service funds to account for certain information technology, risk management, and retiree medical services provided to the City's operating departments on a full-cost recovery basis.

### Development Cost Center

The Development Cost Center budget relies on a combination of development fees, charges to City capital projects, and charges to the General Fund (made in the form of a transfer) for work benefiting the community in general. Each functional area relies on a different mixture of these revenue inflows, so each has fared differently under the recent economic conditions.

During the mid-1990s, development activity in Fremont was thriving. As a hedge against the cyclical nature of the economy, the Development Cost Center accumulated a fund balance intended to pay for technology and capital needs, and to preserve staffing continuity through downturns. Maintaining a base level of staff enables the City to respond effectively when development activity returns. Although the cost center has been effective in prior years responding to the ebbs and flows of the economy, the current recession has created an unprecedented drop in fee activity and related revenue. In order to respond to the sharp decline in revenues, the Cost Center eliminated most of its temporary staffing in the spring of 2009. Although full-time staffing will also be reduced effective July 2009, the dramatic decline in revenues means that the Cost Center will use its fund balance much more rapidly than in any previous year. At the end of FY 2008/09, the fund balance is projected to be \$2 million, which is \$987,000 less than the FY 2007/08 fund balance.



The Planning, Engineering, and Transportation Engineering Divisions all receive General Fund support for work program services that benefit the community in general. In FY 2009/10, the General Fund will transfer almost \$2.3 million to the Cost Center, to be spread across Planning, Engineering, and Transportation Engineering for their work programs. This transfer is 10% (or \$253,000) less than the

## **Other Funds | Cost Centers & Internal Service Funds**

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FY 2008/09 transfer, which is equivalent to the 10% reduction in General Fund services that all other General Fund departments will experience (with the exception of public safety) in FY 2009/10. This work generally includes updating and maintaining the City's General Plan, responding to traffic service requests, managing the City's real property, providing general customer service not associated with a particular project, and responding to City Council referrals. The General Fund allocation is decreasing this year, although the Cost Center has not seen a decrease in General Fund work program elements to correspond with the decrease in its General Fund allocation. Because development activity continues to decline, and it is not expected to rebound in the next couple of years, the Cost Center has reduced costs for the fee-supported services by 20%, and a further reduction may be necessary.

### **Recreation Cost Center**

The Recreation Cost Center provides services to the public using both General Fund contributions and user fees. Using an enterprise business model in which programs are funded only if they are able to pay for themselves through fees, the Recreation Division successfully delivers programs and activities each year to citizens of all ages. In FY 2009/10, the Recreation Cost Center expects to receive 68% of its \$8.041 million in total available resources from program and user fees, 30% from General Fund support, and 1% from interest on the cost center fund balance. The remaining 1% comes from other revenues.

Careful management of the enterprise model for delivering recreation services since the early 1990s has enabled the Cost Center to accumulate a fund balance, projected to be \$3.16 million at the end of FY 2008/09. Increased participation in fee classes, interest on the fund balance, and salary savings have been the primary contributors to the growth in the fund balance in recent years. Most of the fund balance serves as an economic contingency reserve to buffer operations from a fluctuating economy, program revenue shortfalls, and unforeseen major interruption of services. The remainder of the fund balance is the Operating Improvement Reserve, which serves as a funding source to launch new revenue generating programs.

General Fund support enables the Recreation Cost Center to provide low to no-cost services such as Central Park operations, some teen services, the Olive Hyde Art Gallery, and community center operations. Cost projections for General Fund services provided by the Cost Center, which are driven by costs related to staffing, are outpacing projections for future General Fund support. As a result, service reductions implemented with the FY 2003/04 and FY 2005/06 budget, such as reduced park ranger service in Central Park and elimination of the Teen Program Coordinator position, will be further reduced in FY 2009/10. Service reductions related to the FY 2009/10 decrease in General Fund support mean that staff will have increased workloads due to the elimination of 2.5 positions. Furthermore, 139 fewer scholarships will be distributed to participants in FY 2009/10 than in FY 2008/09.

As a result of the current recession, increases in personnel costs, and the fact that the existing recreation facilities are nearing capacity, the Recreation Cost Center could be facing a structural imbalance in the future between revenues and expenditures. Expenditures continue to increase, and fees for services charged by the Cost Center have little room for further market increases. In FY 2009/10, Aqua Adventure Waterpark will experience its first full year of operation. It is projected to generate enough revenues to offset the structural imbalance for the near future.

Finally, completion of the new Aqua Adventure Waterpark in Central Park occurred in May 2009. This facility is an investment that is expected to bring a valuable new revenue stream for the Recreation Cost Center as well as a new recreation opportunity to the community without an increase in General Fund support. This project is made possible with a combination of funding sources, including State Proposition 12 and Proposition 40 funding, and grants from The Candle Lighters community service organization and the Fremont Bank Foundation.

### **Senior Center Cost Center**

This cost center accounts for revenues and expenditures for programs administered by the Aging and Family Services (AFS) Division of the Human Services Department for the Senior Center and for senior programs serving frail elders. Cost Center resources are comprised of fees for service, restricted grants, MediCal service reimbursements, private donations, and the General Fund.

Unlike other cost centers, the Senior Center Cost Center relies on General Fund support for the majority of its funding. The amount of General Fund support for the Cost Center was reduced from \$473,000 in FY 2008/09 to \$426,000 in FY 2009/10, a 10% reduction, consistent with the reduction levels in other cost centers. This reduction means that the Senior Center staffing will be impacted and front desk services will be reduced.

Staff has responded to funding challenges over the last five years with a combination of fee increases, service reductions, fundraising, and use of reserves. On the revenue side, the Senior Center has increased the charge to seniors for lunch and has instituted an annual membership fee.

In FY 2005/06, staff secured approximately \$10,000 in grant funding from Alameda County for the Senior Center, which will continue for several years. Staff will continue to analyze Senior Center operations for opportunities to increase ongoing non-General Fund revenues and reduce operating costs to minimize long-term sustainability risks.

### **Risk Management Internal Service Fund**

This fund accounts for the City's retained self-insured risks of loss from vehicle and property damage, earthquakes and floods, workers' compensation, general liability claims, and unemployment claims. Administrative costs, including insurance coverage through the City's membership in the California Joint Powers Risk Management Authority, are also accounted for in this fund. Resources for this fund are provided through allocation "charges" to the departments and special revenue fund operations that receive these services. Total costs allocated to departments are \$6.86 million in FY 2009/10.

### **Information Technology Services Internal Service Fund**

This fund accounts for the City's information systems support and technology services. It funds Information Technology Services operations and equipment replacement. Resources for this fund are provided through allocation "charges" to the departments and special revenue fund operations that receive these services. Total allocation charges to departments are \$5.75 million in FY 2009/10.

## **Other Funds | Cost Centers & Internal Service Funds**

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The expenditure budget for this fund is decreasing by \$466,000, or 8.3%, from the adopted FY 2008/09 budget. This decrease is primarily due to decreases in operating expenses and salary/benefits.

### **Other Post-Employment Benefits (OPEB) Internal Service Fund**

This is a new fund created in FY 2007/08 to account for the costs of the City's retiree medical benefits. Governmental Accounting Standards Board (GASB) Statement 45 requires that other post-employment benefits (OPEB), such as retiree medical costs, be accounted for in a manner similar to retirement benefits. The City, like most cities in the country, has historically accounted for this cost on a pay-as-you-go basis within all of its various funds. The actuarial valuation performed as part of the City's efforts to manage these costs quantified the unfunded liability as of June 30, 2006. This fund will now account for all the costs of the City's retiree medical benefits. Although the FY 2007/08 budget anticipated beginning to prefund this liability, that plan was changed in reaction to slowing revenue growth. However, prefunding continues to be a goal for effectively managing this liability, and staff is evaluating a variety of plan design and funding options for future consideration. At this time of severe economic decline, prefunding is not included in the FY 2009/10 budget.



## Other Funds | Cost Centers & Internal Service Funds

### Cost Centers/Internal Service

(Thousands of Dollars)	Development	Recreation	Senior	Internal Service			Internal	Total
	Cost Center	Cost Center		Risk Management	Information Technology	OPEB	Service Reclass*	
<b>Revenues</b>								
<b>Intergovernmental:</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes (VLF Replacement)	-	-	-	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-	-	-	-
Sales & Use Taxes	-	-	-	-	-	-	-	-
Vehicle License Fees	-	-	-	-	-	-	-	-
Other Intergovernmental	-	-	-	-	-	-	-	-
Business License Taxes	-	-	-	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-
Charges for Services	15,624	6,117	136	6,862	5,753	1,955	(14,570)	21,877
Fines	-	-	-	-	-	-	-	-
Investment Earnings	230	100	-	300	80	2	-	712
Paramedic Fees	-	-	-	-	-	-	-	-
Other Revenues	261	68	87	60	20	-	-	496
<b>Total Revenues</b>	<b>16,115</b>	<b>6,285</b>	<b>223</b>	<b>7,222</b>	<b>5,853</b>	<b>1,957</b>	<b>(14,570)</b>	<b>23,085</b>
Total Transfers In	2,281	2,438	426	-	-	-	-	5,145
<b>Resources Available: (Revenues plus Total Transfers In)</b>	<b>18,396</b>	<b>8,723</b>	<b>649</b>	<b>7,222</b>	<b>5,853</b>	<b>1,957</b>	<b>(14,570)</b>	<b>28,230</b>
<b>Expenditures</b>								
General Government	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Transportation and Operations	1,952	-	-	-	-	-	-	1,952
Community Development:								
Planning	4,016	-	-	-	-	-	-	4,016
Building and Safety	4,950	-	-	-	-	-	-	4,950
Engineering	6,405	-	-	-	-	-	-	6,405
Community Preservation	-	-	-	-	-	-	-	-
Housing and Redevelopment	-	-	-	-	-	-	-	-
Human Services	-	-	636	-	-	-	-	636
Parks and Recreation	-	7,244	-	-	-	-	-	7,244
Non-departmental	-	-	-	7,339	4,603	1,955	(14,570)	(673)
Less: Citywide Savings	-	-	-	-	-	-	-	-
Debt Costs	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>17,323</b>	<b>7,244</b>	<b>636</b>	<b>7,339</b>	<b>4,603</b>	<b>1,955</b>	<b>(14,570)</b>	<b>24,530</b>
Total Transfers Out	2,123	797	-	-	542	-	-	3,462
<b>Resources Used: (Expenditures plus Operating Transfers Out)</b>	<b>19,446</b>	<b>8,041</b>	<b>636</b>	<b>7,339</b>	<b>5,145</b>	<b>1,955</b>	<b>(14,570)</b>	<b>27,992</b>
<b>Net Results of Operations: (Resources Available less Resources Used)</b>	<b>(1,050)</b>	<b>682</b>	<b>13</b>	<b>(117)</b>	<b>708</b>	<b>2</b>	<b>-</b>	<b>238</b>
<b>Use of Budget Uncertainty Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Beginning Fund Balance - 6/30/09 (est.)</b>	<b>1,978</b>	<b>3,160</b>	<b>101</b>	<b>3,203</b>	<b>2,612</b>	<b>43</b>	<b>n/a</b>	<b>11,097</b>
<b>Fund Balance - 6/30/10 (est.)</b>	<b>\$ 928</b>	<b>\$ 3,842</b>	<b>\$ 114</b>	<b>\$ 3,086</b>	<b>\$ 3,320</b>	<b>\$ 45</b>	<b>n/a</b>	<b>\$ 11,335</b>

\* **NOTE:** The "Charges for Services" and "Non Departmental Expenditures" in the Risk Management and Information Technology have been reclassified and are not part of the Cost Center/Internal Service Funds total because these amounts are included in other departments' budgets.

**Cost Centers/Internal Service**

(Thousands of Dollars)	Budget 07/08	Budget 08/09	Budget 09/10
<b>Beginning Fund Balance</b>	<b>\$ 8,358</b>	<b>\$ 11,081</b>	<b>\$ 11,097</b>
<b>Revenues</b>			
<b>Intergovernmental:</b>			
Property Taxes	-	-	-
State ERAF III Revenue Loss	-	-	-
In-lieu VLF	-	-	-
In-lieu Sales Tax	-	-	-
Sales and Use Taxes	-	-	-
Vehicle License Fees	-	-	-
Other Intergovernmental	-	-	-
Business Taxes	-	-	-
Hotel/Motel Taxes	-	-	-
Property Transfer Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	20,879	23,620	21,877
Fines	-	-	-
Investment Earnings	644	999	712
Paramedic Fees	-	-	-
Sale of Bonds	-	-	-
Other Revenues	436	586	496
<b>Total Revenues</b>	<b>21,959</b>	<b>25,205</b>	<b>23,085</b>
Operating Transfers In	7,615	5,716	5,145
<b>Total Available Resources</b>	<b>37,932</b>	<b>42,002</b>	<b>39,327</b>
<b>Expenditures</b>			
General Government	-	-	-
Police	-	-	-
Fire	-	-	-
Transportation and Operations	1,755	1,941	1,952
Community Development:			
Planning	3,964	4,715	4,016
Building and Safety	5,612	5,864	4,950
Engineering	6,417	7,114	6,405
Community Preservation	-	-	-
Housing and Redevelopment	-	-	-
Human Services	619	652	636
Parks and Recreation	6,167	7,411	7,244
Non-departmental	(822)	(421)	(673)
Less: Citywide Savings	-	-	-
Debt Costs	-	-	-
<b>Total Expenditures</b>	<b>23,712</b>	<b>27,276</b>	<b>24,530</b>
Operating Transfers Out	3,376	3,651	3,462
Transfers to Reserves	-	-	-
<b>Total Use of Resources</b>	<b>27,088</b>	<b>30,927</b>	<b>27,992</b>
<b>Ending Fund Balance</b>	<b>\$ 10,844</b>	<b>\$ 11,075</b>	<b>\$ 11,335</b>

## Special Revenue Funds

Special revenue funds account for activities (other than major capital projects) funded by special-purpose revenues. Such revenues are typically legally restricted for specific purposes and may not be spent as part of the General Fund for general public safety or maintenance activities. Most of the federal, State, and County grants that the City receives are accounted for in special revenue funds. Such grant revenues typically must be spent and accounted for according to the specific grant requirements.

### Human Services

The Human Services Department relies on General Fund support, grants, charges for service, and rents from the Family Resource Center to provide a wide range of services to families and seniors. The non-General Fund sources featured in this special revenues subsection comprise 69% and 68% of the department's total funding sources in FY 2008/09 and FY 2009/10, respectively. The table on page 91 shows the special revenue funding sources for Human Services. For information on the total Human Services budget, including the use of General Fund resources, please see the Department Budgets section of this document.

### Grants and Other Special Purpose Funding

The City receives grants and special purpose funding for Human Services activities from a number of different sources:

1. **Alameda County:** Probation Department funds for Youth and Family Counseling; funds to divert at-risk youth from the criminal justice system.
2. **Alameda County:** Department of Behavioral Health funds to support a multi-disciplinary team approach to family support at the Fremont Family Resource Center.
3. **Alameda County and Union City:** Funds to provide services to elders in Fremont and the Tri-City area.
4. **Mobile Mental Health Grant:** Funding from Proposition 63 for mental health services to home-bound clients in order to improve their ability to live safely in the community.
5. **Proposition 10** (tobacco taxes): Funds allocated by the County to support early childhood programs in Youth and Family Services.
6. **Robert Wood Johnson Foundation:** Funding for planning senior services for a growing senior population.
7. **State Department on Aging:** Funds for the Multipurpose Senior Services Program (funded by the State using State and federal dollars) to provide services aimed at assisting frail elders to remain in their homes.
8. **State Medi-Cal reimbursement:** Funds received through reimbursement for counseling and support services provided to youth and seniors.

## **Other Funds | Special Revenue Funds**

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Outside Special Revenue funding sources are projected to increase from \$2.2 million in FY 2008/09 to \$2.6 million for FY 2009/10. This increase is partially attributable to expanded Medi-Cal Reimbursement funds. The remaining increase is due to the receipt of additional funding for the Our Kids Program, a school based health and mental health service program.

### **Paratransit**

This fund accounts for the monies used to fund the City's paratransit program. Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related activities such as the paratransit program. Funding for paratransit services is projected to decrease by 25% in FY 2009/10, from \$940,000 to \$751,000.

### **Family Resource Center Fund**

This fund accounts for the revenues and expenses associated with the Fremont Family Resource Center (FRC). Rental payments by the various tenants of the FRC fund the salaries and benefits of the FRC staff and operating and capital expenditures at that facility. This fund also includes grants from private foundations to support programs at the FRC. For FY 2009/10, revenue is expected to decrease slightly. FY 2009/10 expenditures are budgeted to decrease by \$43,000, primarily because of decreased debt service.

### **CDBG**

This fund accounts for the City's allocation of federal Community Development Block Grant (CDBG) funds received from the U. S. Department of Housing and Urban Development for the purpose of developing viable urban communities. Through the CDBG Program, the City receives an annual entitlement grant to address certain housing and community development needs. Federal regulations require that at least 70% of the City's CDBG grant must directly benefit low and moderate-income households, with each community tailoring its program to address specific local needs.

The CDBG entitlement is \$1.6 million for FY 2009/10, which is the same as the FY 2008/09 amount. The \$2.6 million in estimated actual expenditures for FY 2008/09 will be approximately the same as the budgeted amount. Any carryover is incorporated into the FY 2009/10 budget. Sub-recipients of the program are on a two-year funding cycle and, therefore, have two years to fulfill their obligations.

### **HOME**

This fund accounts for monies received under the HOME Investment Partnership (HOME) Act. HOME funds can be used to acquire, rehabilitate, finance, and construct affordable housing.

For FY 2008/09, the estimated actual expenditures for the HOME grant are expected to be \$1,946,307, of which \$1,400,000 was used for the land acquisition for the Peralta Senior Housing Project. The FY 2009/10 budget is \$529,235.

## Multi-Family Housing

This fund accounts for tax-exempt multi-family housing bond-monitoring fees paid to the City, which have been decreasing for the past several years. These funds only support consulting and office supply expenditures in the Office of Housing and Redevelopment. Revenue from these fees is projected to decrease by 40% from the FY 2008/09 level, and expenditures are decreasing by over 79%.

## Public Safety Grants

1. **AB3229 - Community Oriented Policing Services (COPS) Front Line Enforcement:** these funds account for monies from the State and are distributed by the County to be spent on front line law enforcement activities.
2. **Abandoned Vehicle Abatement:** this fund accounts for monies received by the City under California Vehicle Code (CVC) sections 9250.7 and 22710 and used for the abatement, removal, and disposal as public nuisances of any abandoned, wrecked, dismantled, or inoperative vehicles from private or public property.
3. **COPS Technology Grant:** this fund accounts for monies received from the U.S. Department of Justice to continue development of technologies and automated systems to assist law enforcement agencies in investigating, responding to, and preventing crime.
4. **Justice Assistance Grant (JAG) Program:** this fund accounts for monies received from the federal government and expended for criminal justice, crime or substance abuse prevention and treatment programs.
5. **Southern Alameda County Narcotics Enforcement Team (SACNET):** this fund accounts for the proceeds from assets forfeited as the result of drug activities and contributions from the cities of Fremont, Newark, and Union City. The City of Fremont's contribution comes from the General Fund and is displayed as a "Transfer Out" on page 77.
6. **Staffing for Adequate Fire and Emergency Response (SAFER) Grant:** this fund accounts for monies received from the U.S. Department of Homeland Security to increase fire staffing and improve safety and response times.
7. **State Office of Traffic Safety Grant:** this fund accounts for monies received from the State to provide funding for innovative traffic enforcement programs and public relations for a countywide campaign against drinking drivers.

Grant revenues related to public safety services are projected to increase by 10% from the level budgeted in FY 2008/09. In FY 2008/09, there were carry-over grant monies unspent from prior years; these grant funds and carry-overs will be spent in FY 2009/10.

## Environmental Services

1. **Integrated Waste Management:** This fund accounts for monies received by the City from solid waste collection rates and used to comply with the provisions of AB 939 for the purpose of carrying out recycling, and household hazardous waste and solid waste management programs. The current

## Other Funds | Special Revenue Funds

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fund balance serves two purposes: (1) to support rate stabilization, and (2) to cover transition costs associated with landfill closure.

- 2. Urban Runoff Clean Water Program:** this fund accounts for monies received to comply with the Federal Clean Water Act of 1987, which requires that stormwater discharges from municipal storm drain systems be regulated under a nationwide surface water permit program. In order to obtain a permit, the City must implement programs to evaluate sources of pollutants in urban storm drain runoff, estimate pollutant loads, evaluate control measures, and implement a program of pollution controls.

Expenditures are budgeted to increase by 6.5%, from \$7.1 million in FY 2008/09 to \$7.6 million in FY 2009/10. The increase is mainly attributable to the expenses budgeted for the new Household Hazardous Waste Facility that opened in Fremont in 2008.



## Special Revenue Funds

(Thousands of Dollars)	Human Services					Multi-Family Housing	Public Safety Grants	Environmental Services Funds	Total Special Revenues
	Grants	Paratransit	FRC	CDBG	HOME				
<b>Revenues</b>									
<b>Intergovernmental:</b>									
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes (VLF Replacement)	-	-	-	-	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-	-	-	-	-
Sales and Use Taxes	-	736	-	-	-	-	-	-	736
Vehicle License Fees	-	-	-	-	-	-	-	-	-
Other Intergovernmental	2,574	-	-	2,637	529	-	2,048	167	7,955
Business License Taxes	-	-	-	-	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-	-
Charges for Services	749	15	107	-	-	-	-	5,994	6,865
Fines	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	42	-	42
Paramedic Fees	-	-	-	-	-	-	-	-	-
Other Revenues	335	-	984	-	-	30	-	-	1,349
<b>Total Revenues</b>	<b>3,658</b>	<b>751</b>	<b>1,091</b>	<b>2,637</b>	<b>529</b>	<b>30</b>	<b>2,090</b>	<b>6,161</b>	<b>16,947</b>
Total Transfers In	-	-	138	-	-	-	50	-	188
<b>Resources Available: (Revenues plus Total Transfers In)</b>	<b>3,658</b>	<b>751</b>	<b>1,229</b>	<b>2,637</b>	<b>529</b>	<b>30</b>	<b>2,140</b>	<b>6,161</b>	<b>17,135</b>
<b>Expenditures</b>									
General Government	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	1,396	-	1,396
Fire	-	-	-	-	-	-	752	-	752
Transportation and Operations	-	-	-	-	-	-	-	6,909	6,909
Community Development:									
Planning	-	-	-	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-	-	85	85
Housing and Redevelopment	-	-	-	-	529	31	-	-	560
Human Services	3,579	796	576	2,627	-	-	-	-	7,578
Parks and Recreation	-	-	-	-	-	-	-	191	191
Non-departmental	-	-	-	-	-	-	-	600	600
Less: Citywide Savings	-	-	-	-	-	-	-	-	-
Debt Costs	-	-	825	-	-	-	-	-	825
<b>Total Expenditures</b>	<b>3,579</b>	<b>796</b>	<b>1,401</b>	<b>2,627</b>	<b>529</b>	<b>31</b>	<b>2,148</b>	<b>7,785</b>	<b>18,896</b>
Total Transfers Out	101	19	393	10	1	4	-	418	946
<b>Resources Used: (Expenditures plus Operating Transfers Out)</b>	<b>3,680</b>	<b>815</b>	<b>1,794</b>	<b>2,637</b>	<b>530</b>	<b>35</b>	<b>2,148</b>	<b>8,203</b>	<b>19,842</b>
<b>Net Results of Operations: (Resources Available less Resources Used)</b>	<b>(22)</b>	<b>(64)</b>	<b>(565)</b>	<b>-</b>	<b>(1)</b>	<b>(5)</b>	<b>(8)</b>	<b>(2,042)</b>	<b>(2,707)</b>
<b>Use of Budget Uncertainty Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Beginning Fund Balance - 6/30/09 (est.)</b>	<b>889</b>	<b>271</b>	<b>4,057</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>1,026</b>	<b>7,208</b>	<b>13,520</b>
<b>Fund Balance - 6/30/10 (est.)</b>	<b>\$ 867</b>	<b>\$ 207</b>	<b>\$ 3,492</b>	<b>\$ -</b>	<b>\$ (1)</b>	<b>\$ 64</b>	<b>\$ 1,018</b>	<b>\$ 5,166</b>	<b>\$ 10,813</b>

### Special Revenue Funds

(Thousands of Dollars)	Budget 07/08	Budget 08/09	Budget 09/10
<b>Beginning Fund Balance</b>	<b>15,998</b>	<b>14,451</b>	<b>13,520</b>
<b>Revenues</b>			
<b>Intergovernmental:</b>			
Property Taxes	-	-	-
State ERAF III Revenue Loss	-	-	-
In-lieu VLF	-	-	-
In-lieu Sales Tax	-	-	-
Sales and Use Taxes	842	931	736
Vehicle License Fees	-	-	-
Other Intergovernmental	7,476	7,612	7,955
Business Taxes	-	-	-
Hotel/Motel Taxes	-	-	-
Property Transfer Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	6,145	6,624	6,865
Fines	-	30	-
Investment Earnings	15	33	42
Paramedic Fees	-	-	-
Sale of Bonds	-	-	-
Other Revenues	1,523	1,422	1,349
<b>Total Revenues</b>	<b>16,001</b>	<b>16,652</b>	<b>16,947</b>
Operating Transfers In	50	202	188
<b>Total Available Resources</b>	<b>32,049</b>	<b>31,305</b>	<b>30,655</b>
<b>Expenditures</b>			
General Government	-	-	-
Police	1,215	1,201	1,396
Fire	522	628	752
Transportation and Operations	5,877	6,636	6,909
Community Development:			
Planning	-	-	-
Building and Safety	-	-	-
Engineering	-	-	-
Community Preservation	-	85	85
Housing and Redevelopment	-	-	560
Human Services	7,877	8,398	7,578
Parks and Recreation	-	26	191
Non-departmental	1,180	750	600
Less: Citywide Savings	-	-	-
Debt Costs	809	868	825
<b>Total Expenditures</b>	<b>17,480</b>	<b>18,592</b>	<b>18,896</b>
Operating Transfers Out	702	917	946
Transfers to Reserves	-	-	-
<b>Total Use of Resources</b>	<b>18,182</b>	<b>19,509</b>	<b>19,842</b>
<b>Ending Fund Balance</b>	<b>13,867</b>	<b>11,796</b>	<b>10,813</b>

## **Redevelopment Agency Funds**

The Fremont Redevelopment Agency is a separate legal entity from the City of Fremont (the City Council serves as the Board of the Redevelopment Agency). The Agency is responsible for implementing the adopted Redevelopment Plans in the Centerville, Irvington, Niles, and Industrial redevelopment project areas. The City Manager is also the Executive Director of the Redevelopment Agency, and the Office of Housing and Redevelopment is the staff division responsible for managing the implementation of the Redevelopment Plans.

### **Sources of Revenue**

The Redevelopment Agency receives property tax increment revenues to fund its programs and projects. Property tax increment generally consists of the incremental property tax revenues that are generated by increasing property values in each of the project areas since the Redevelopment Plans were established. Twenty percent of the Redevelopment Agency's property tax increment revenues (Housing Set-Aside Revenues) are set aside to be used exclusively on affordable housing activities. The projection of FY 2009/10 revenue is cautious, anticipating possible impacts from assessed valuation appeals in the Industrial redevelopment project area and modest property value increases in historic districts, as well as a lower amount of investment earnings due to declining interest rates.

The Redevelopment Agency has also issued bonds to support its activities. The debt service on these bonds is paid from and secured by property tax increment revenues.

### **Uses of Revenue**

Redevelopment Agency funds can only be used for eligible activities as outlined in California Redevelopment Law (CRL) in two primary categories: Affordable Housing activities and Redevelopment activities. The FY 2009/10 Redevelopment Agency budget reflects proposed expenditures in the following funds.

### **Affordable Housing Fund**

This is the FY 2009/10 budget authority for the use of Housing Set-Aside revenues. There are four funds for the Agency's affordable housing activities. Key elements of the Affordable Housing Operating Budget include administrative expenses and projected capital expenditures on affordable housing projects. Projected capital expenditures include projects to which funds have been appropriated in prior years and are re-appropriated in the current year.

## **Other Funds | Redevelopment Agency Funds**

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### **Redevelopment Operating Fund**

This is the FY 2009/10 budget authority for the use of redevelopment (non-housing) revenues. Other key elements of the Redevelopment Operating budget include pass-through payments to taxing agencies (\$8.07 million), administrative expenses, and anticipated expenditures on redevelopment projects.

### **Debt Service Funds**

This is the FY 2009/10 budget authority for the payment of Redevelopment debt service costs. Property tax increment revenues are received in the Debt Service Funds to support debt service payments on outstanding bonds. Tax increment revenues are also transferred to the Redevelopment Operating Fund, the Redevelopment Capital Fund, and the Affordable Housing Fund to support expenditures on projects and programs.

### **Capital Projects Fund**

This is the FY 2009/10 projected capital Redevelopment (non-housing) expenditures of the Agency. Projected capital expenditures include projects to which funds have been appropriated in prior years and are re-appropriated in the current year.

## Other Funds | Redevelopment Agency Funds

### Redevelopment Funds (RDA)

(Thousands of Dollars)	Operating	Debt Service	Capital	Affordable Housing	Eliminating Internal Transfers	Total RDA
<b>Revenues</b>						
<b>Intergovernmental:</b>						
Property Taxes	\$ -	\$ 29,062	\$ -	\$ 7,266	\$ -	\$ 36,328
Property Taxes (VLF Replacement)	-	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-	-
Sales and Use Taxes	-	-	-	-	-	-
Vehicle License Fees	-	-	-	-	-	-
Other Intergovernmental	-	-	-	-	-	-
Business License Taxes	-	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-
Fines	-	-	-	-	-	-
Investment Earnings	200	1,300	300	137	-	1,937
Paramedic Fees	-	-	-	-	-	-
Other Revenues	-	-	-	50	-	50
<b>Total Revenues</b>	<b>200</b>	<b>30,362</b>	<b>300</b>	<b>7,453</b>	<b>-</b>	<b>38,315</b>
Total Transfers In	15,000	4,878	5,000	-	(24,878)	-
<b>Resources Available:</b>						
<b>(Revenues plus Total Transfers In)</b>	<b>15,200</b>	<b>35,240</b>	<b>5,300</b>	<b>7,453</b>	<b>(24,878)</b>	<b>38,315</b>
<b>Expenditures</b>						
General Government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Transportation and Operations	-	-	-	-	-	-
Community Development:						
Planning	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-
Engineering	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-
Housing and Redevelopment	11,796	-	8,068	6,206	-	26,070
Human Services	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-
Non-departmental	-	-	-	-	-	-
Less: Citywide Savings	-	-	-	-	-	-
Debt Costs	-	4,878	-	-	-	4,878
<b>Total Expenditures</b>	<b>11,796</b>	<b>4,878</b>	<b>8,068</b>	<b>6,206</b>	<b>-</b>	<b>30,948</b>
Total Transfers Out	168	24,878	-	101	(24,878)	269
<b>Resources Used:</b>						
<b>(Expenditures plus Operating Transfers Out)</b>	<b>11,964</b>	<b>29,756</b>	<b>8,068</b>	<b>6,307</b>	<b>(24,878)</b>	<b>31,217</b>
<b>Net Results of Operations:</b>						
<b>(Resources Available less Resources Used)</b>	<b>3,236</b>	<b>5,484</b>	<b>(2,768)</b>	<b>1,146</b>	<b>-</b>	<b>7,098</b>
Use of Budget Uncertainty Reserve	-	-	-	-	-	-
Beginning Fund Balance - 6/30/09 (est.)	642	10,337	4,235	4,107	-	19,321
<b>Fund Balance - 6/30/10 (est.)</b>	<b>\$ 3,878</b>	<b>\$ 15,821</b>	<b>\$ 1,467</b>	<b>\$ 5,253</b>	<b>\$ -</b>	<b>\$ 26,419</b>

## Other Funds | Redevelopment Agency Funds

<b>Redevelopment Funds (RDA)</b>			
(Thousands of Dollars)	Budget 07/08	Budget 08/09	Budget 09/10
<b>Beginning Fund Balance</b>	<b>\$ 93,437</b>	<b>\$ 28,289</b>	<b>\$ 19,321</b>
<b>Revenues</b>			
<b>Intergovernmental:</b>			
Property Taxes	30,777	34,390	36,328
State ERAF III Revenue loss	-	-	-
In-lieu VLF	-	-	-
In-lieu Sales Tax	-	-	-
Sales and Use Taxes	-	-	-
Vehicle License Fees	-	-	-
Other Intergovernmental	-	-	-
Business Taxes	-	-	-
Hotel/Motel Taxes	-	-	-
Property Transfer Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	-	-	-
Fines	-	-	-
Investment Earnings	3,679	3,384	1,937
Paramedic Fees	-	-	-
Sale of Bonds	-	-	-
Other Revenues	800	-	50
<b>Total Revenues</b>	<b>35,256</b>	<b>37,774</b>	<b>38,315</b>
Operating Transfers In	-	-	-
<b>Total Available Resources</b>	<b>128,693</b>	<b>66,063</b>	<b>57,636</b>
<b>Expenditures</b>			
General Government	-	-	-
Police	-	-	-
Fire	-	-	-
Transportation and Operations	-	-	-
Community Development:			
Planning	-	-	-
Building and Safety	-	-	-
Engineering	-	-	-
Community Preservation	-	-	-
Housing and Redevelopment	43,230	28,694	26,070
Human Services	-	-	-
Parks and Recreation	-	-	-
Non-departmental	-	-	-
Less: Citywide Savings			-
Debt Costs	7,499	7,499	4,878
<b>Total Expenditures</b>	<b>50,729</b>	<b>36,193</b>	<b>30,948</b>
Operating Transfers Out	274	322	269
Transfers to Reserves	-	-	-
<b>Total Use of Resources</b>	<b>51,003</b>	<b>36,515</b>	<b>31,217</b>
<b>Ending Fund Balance</b>	<b>\$ 77,690</b>	<b>\$ 29,548</b>	<b>\$ 26,419</b>



## **Capital Funds**

The five-year Capital Improvement Program (CIP) is scheduled for adoption on June 9, 2009, and includes appropriations for projects for FY 2009/10 and FY 2010/11, and estimates for FY 2011/12 through FY 2013/14. These funds are included with the City's operating budget in summary format to present a comprehensive picture of all the City's funds. Additional CIP summary information can be found in the Capital Budget Summary section and the Housing and Redevelopment Department section of this document. The complete capital plan can be found in the City's CIP.

### **General Fund Group**

These funds are transferred from the General Fund and may be used for projects designated by the City Council. The debt service budget for assets acquired using certificates of participation (COPs) is also displayed here.

### **Vehicle Replacement**

Vehicle replacement resources are collected through annual charges to City departments based on their actual vehicle fleet. The charges are intended to provide funding for anticipated vehicle replacement needs in the budget year. Funds not used in one year are retained in the fund for future years, thereby potentially reducing departmental charges in the future.

### **Gas Tax Funds**

Revenue in this fund comes from State gas tax and other sources, such as Measure B sales tax distributions, and can only be used for street maintenance and other traffic improvement projects.

### **Park Impact Fee Funds**

Funds in this group are restricted to acquisition, development, and/or rehabilitation of park land. The Parks and Recreation chapter of the General Plan contains the City's policies, standards, and guidelines for acquisition and development activities eligible for funding with park funds. The City Council has also adopted a Parks and Recreation Master Plan. The FY 2009/10 - FY 2013/14 Capital Improvement Program projects the use of the accumulated fund balance in these funds over the next five years.

### **Traffic Impact Fee Funds**

Traffic impact fees are collected from development projects for streets, intersection improvements, and other infrastructure necessary to mitigate the transportation impacts of new development. These funds come from fees levied on all new development in the City.

### **Restricted Capital Funds**

These funds are included by reference only; the amounts noted show the funds received from various grants that can be used for a specific capital project. All other projects in this group are either partially or fully funded by other funding sources not available for use other than as specified. Refer to the “restricted funds group” detail in the CIP document.

## Capital Improvement Funds

(Thousands of Dollars)	General Fund Group	Vehicle Replacement	Gas Tax	Park Facilities	Traffic Impact	Restricted Group	Expenditure Reclass*	Total Projects
<b>Revenues</b>								
<b>Intergovernmental:</b>								
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Taxes (VLF Replacement)	-	-	-	-	-	-	-	-
Triple Flip - Sales Tax Replacement	-	-	-	-	-	-	-	-
Sales and Use Taxes	-	-	-	-	-	-	-	-
Vehicle License Fees	-	-	-	-	-	-	-	-
Other Intergovernmental	-	-	7,046	-	-	-	-	7,046
Business License Taxes	-	-	-	-	-	-	-	-
Hotel/Motel Taxes	-	-	-	-	-	-	-	-
Property Transfer Taxes	-	-	-	-	-	-	-	-
Franchise Fees	-	-	-	-	-	-	-	-
Charges for Services	-	1,457	-	-	-	-	(1,457)	-
Fines	-	-	-	-	-	-	-	-
Investment Earnings	950	145	347	649	350	-	-	2,441
Paramedic Fees	-	-	-	-	-	-	-	-
Other Revenues	370	50	-	950	1,190	955	-	3,515
<b>Total Revenues</b>	<b>1,320</b>	<b>1,652</b>	<b>7,393</b>	<b>1,599</b>	<b>1,540</b>	<b>955</b>	<b>(1,457)</b>	<b>13,002</b>
Total Transfers In	8,480	-	-	-	-	-	-	8,480
<b>Resources Available: (Revenues plus Total Transfers In)</b>	<b>9,800</b>	<b>1,652</b>	<b>7,393</b>	<b>1,599</b>	<b>1,540</b>	<b>955</b>	<b>(1,457)</b>	<b>21,482</b>
<b>Expenditures</b>								
General Government	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-
Transportation and Operations	-	-	1,200	-	-	-	-	1,200
Community Development:								
Planning	-	-	-	-	-	-	-	-
Building and Safety	-	-	-	-	-	-	-	-
Engineering	-	-	-	-	-	-	-	-
Community Preservation	-	-	-	-	-	-	-	-
Housing and Redevelopment	-	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-
Non-departmental	3,341	1,510	5,480	2,509	1,468	-	(6,536)	7,772
Less: Citywide Savings	-	-	-	-	-	-	-	-
Debt Costs	7,730	-	-	-	-	-	-	7,730
<b>Total Expenditures</b>	<b>11,071</b>	<b>1,510</b>	<b>6,680</b>	<b>2,509</b>	<b>1,468</b>	<b>-</b>	<b>(6,536)</b>	<b>16,702</b>
Total Transfers Out	-	-	-	-	-	955	-	955
<b>Resources Used: (Expenditures plus Operating Transfers Out)</b>	<b>11,071</b>	<b>1,510</b>	<b>6,680</b>	<b>2,509</b>	<b>1,468</b>	<b>955</b>	<b>(6,536)</b>	<b>17,657</b>
<b>Net Results of Operations:</b>								
<b>(Resources Available less Resources Used)</b>	<b>(1,271)</b>	<b>142</b>	<b>713</b>	<b>(910)</b>	<b>72</b>	<b>-</b>	<b>5,079</b>	<b>3,825</b>
Use of Budget Uncertainty Reserve	-	-	-	-	-	-	-	-
<b>Beginning Fund Balance - 6/30/09 (est.)</b>	<b>4,931</b>	<b>4,484</b>	<b>-</b>	<b>6,490</b>	<b>1,208</b>	<b>-</b>	<b>n/a</b>	<b>17,113</b>
<b>Fund Balance - 6/30/10 (est.)</b>	<b>\$ 3,660</b>	<b>\$ 4,626</b>	<b>\$ 713</b>	<b>\$ 5,580</b>	<b>\$ 1,280</b>	<b>\$ -</b>	<b>n/a</b>	<b>\$ 20,938</b>

\*NOTE: A portion of Capital Improvement Funds' expenditures are reclassified because costs for design, engineering, and other staff charges to capital projects are budgeted as part of the costs of projects and also included in departments' budgets. Total fund balance does not include available fund balances in restricted fund groups which are contained in the CIP.

## Other Funds | Capital Funds

<b>Capital Improvement Funds</b>			
(Thousands of Dollars)	Budget 07/08	Budget 08/09	Budget 09/10
<b>Beginning Fund Balance</b>	<b>\$ 27,528</b>	<b>\$ 18,138</b>	<b>\$ 17,113</b>
<b>Revenues</b>			
<b>Intergovernmental:</b>			
Property Taxes	-	-	-
State ERAF III Revenue loss	-	-	-
In-lieu VLF	-	-	-
In-lieu Sales Tax	-	-	-
Sales and Use Taxes	-	-	-
Vehicle License Fees	-	-	-
Other Intergovernmental	5,891	8,160	7,046
Business Taxes	-	-	-
Hotel/Motel Taxes	-	-	-
Property Transfer Taxes	-	-	-
Franchise Fees	-	-	-
Charges for Services	2,671	-	-
Fines	-	-	-
Investment Earnings	2,225	2,320	2,441
Paramedic Fees	-	-	-
Other Revenues	3,822	3,843	3,515
<b>Total Revenues</b>	<b>14,609</b>	<b>14,323</b>	<b>13,002</b>
Operating Transfers In	39,135	10,773	8,480
<b>Total Available Resources</b>	<b>81,272</b>	<b>43,234</b>	<b>38,595</b>
<b>Expenditures</b>			
General Government	-	-	-
Police	-	-	-
Fire	-	-	-
Transportation and Operations	24,167	1,200	1,200
Community Development:			
Planning	-	-	-
Building and Safety	-	-	-
Engineering	-	-	-
Community Preservation	-	-	-
Housing and Redevelopment	-	-	-
Human Services	-	-	-
Parks and Recreation	-	-	-
Non-departmental	20,115	16,684	7,772
Less: Citywide Savings	-	-	-
Debt Costs	8,695	9,698	7,730
<b>Total Expenditures</b>	<b>52,977</b>	<b>27,582</b>	<b>16,702</b>
Operating Transfers Out	3,700	1,955	955
Transfers to Reserves	-	-	-
<b>Total Use of Resources</b>	<b>56,677</b>	<b>29,537</b>	<b>17,657</b>
<b>Ending Fund Balance</b>	<b>\$ 24,595</b>	<b>\$ 13,697</b>	<b>\$ 20,938</b>

# Capital Budget Summary

## Capital Budget Summary

*The un-italicized text that follows is excerpted from the FY 2009/10 - 2013/14 Adopted Capital Improvement Program (CIP) dated June 9, 2009. The City Council adopted document is a five-year program/plan. A few minor edits have been made to the text for the purpose of incorporating this information into the Operating Budget. No substantive changes have been made.*

The Capital Improvement Program (CIP) budget is developed every two years. This year's CIP forecasts and allocates the resources the City will use to build and maintain its infrastructure between FY 2009/10 and FY 2013/14. The plan appropriates money for capital projects and the maintenance of existing infrastructure for five years, and it is reviewed and updated every two years, with project funding appropriated annually on July 1. The CIP is a budget, but it is also a tool to facilitate strategic thought and comprehensive capital planning. The structure of this process provides the opportunity to finance capital infrastructure and maintenance, to balance the City's needs and priorities for a five-year period, and to develop a plan that is strategic, comprehensive, and flexible. This summary introduces the FY 2009/10-2013/14 CIP, provides the context of the plan development, highlights several projects, and explains key components of the plan.

The investment in and maintenance of the City's physical infrastructure continues to be a priority of the City. The development of this year's CIP reflects the decrease in some City revenues from property taxes and retail sales related to the current economic crisis. Decreased development activity has also resulted in lower development impact fee revenues. Given these shrinking resources, this capital plan is largely limited to and focused on basic preservation and maintenance of the City's capital assets.

The fact remains that the City's basic capital needs far exceed available resources and the City still faces a shortfall in funding for maintenance of its infrastructure. The State continues to challenge the City's ability to effectively plan for the maintenance of its assets by continuing to manipulate funding sources such as sales tax and property tax revenues (e.g., the "triple flip"). This capital plan does not sufficiently fund core maintenance needs, including street overlays, despite allocating more resources to it than in previous CIPs, and does not leave enough funds available to fully respond to City infrastructure needs, such as widening Fremont Boulevard.

City staff and the City Council have had to meet the challenge of maintaining the City's asset base in this current fiscal environment given the growth of this base over the past 15 years. As the City continues to develop and as these assets age, the challenge will be to fund ongoing maintenance of these assets. Given declining revenues projected for the next fiscal year, this capital plan presents serious challenges with respect to simply maintaining the status quo. For example, this capital plan proposes \$14.3 million over five years for street overlays. While this amount is an improvement over previous capital plans, the pavement budget would need to be funded at over \$15 million each year to adequately ensure that the City's road maintenance standard is maintained over time.

In addition to the ongoing maintenance of the City's physical infrastructure, the list of unfunded capital needs continues to grow. The funding challenges reflected in this plan have forced the City to continue to hold off on developing projects such as a second senior/community center, various

## Capital Budget Summary | Capital Budget Summary

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street improvement projects, and other community amenities. The primary emphasis of this CIP is maintaining the City's existing assets.

Given the current recession and the threat of State takeaways, the City must carefully and prudently target capital spending. In spite of these challenges, the City will move forward with a significant capital work program, focused primarily on major maintenance items, drawing from a variety of restricted capital funding sources, including gas tax, development impact fees, and other sources. The FY 2009/10–2013/14 CIP programs approximately \$147 million of funds for capital projects over the next five years and Fremont residents will benefit from the maintenance of and improvements to parks, roads, and public buildings proposed in this document.

### CIP Funding Sources

CIP programs are funded from a variety of sources: the Capital Improvement Fund, Gas Tax funds, Park funds, Traffic Impact Fee funds, and a variety of restricted capital funds. The CIP reflects the City's investment in capital assets.

**Capital Improvement Fund:** This CIP fund, formerly identified as General Fund 501, is unrestricted and can be used for any capital project designated by the City Council. This portion of the CIP budget draws funding from a variety of sources, including the City's General Fund, interest earnings, unappropriated fund balance, fund transfers, and proceeds from unexpended funds from project closeouts. Staff estimates that this fund will have approximately \$19 million available over the next five-years for capital projects. This includes \$4.9 million in beginning fund balance, much of which is comprised of Local Improvement District surplus funds from prior years, interest earnings, and previous close-outs of CIP projects back to fund balance, \$2.8 million in Local Improvement District surplus funds over the five year period, \$7.5 million in transfers in from the General Fund, and \$3.45 million in interest earnings. Of the City's contribution from the General Fund, \$4.5 million is programmed over the five years of the plan toward the development of the City's Downtown/Midtown Project. Outside of \$1.5 million for the Downtown/Midtown plan, no General Fund contributions are proposed in the first two years of the CIP.

**Gas Tax Fund Group:** Revenues in this fund group come from the City's share of the State-collected gasoline taxes and funds from the Measure B half-cent sales tax for transportation-related expenditures. The City can only use these funds for street maintenance and other transportation improvement projects. Staff estimates that this fund group will have approximately \$38.7 million available over the next five years for capital projects. This includes over \$37.3 million in new revenues and \$1.4 million in interest earnings. The total funds available in the gas tax group have declined by approximately \$7 million compared to the last CIP cycle and do not adequately meet Fremont's roads and infrastructure needs. Additionally, because gas taxes are not indexed to inflation, and have not seen a rate increase since 1991, the ability of these revenues to keep up with annual project and operating cost increases is severely hampered.

**Traffic Impact Fee (TIF):** This fund group accounts for monies received from developers to mitigate impacts on the City's transportation networks resulting from new development. The funds reflect new development's share of the cost of street improvements, interchanges, and other traffic infrastructure

improvements. The City Council sets the fee amounts to be charged on all new development within the City on a dollar per dwelling unit or dollar per square foot basis. Over the next five years, staff estimates that the total available resources for this fund group will be \$9.9 million. Staff based this estimate on projected residential and non-residential construction activity and interest earnings over the next five years. Year to year, the traffic impact fee fund amount available is variable based on development activity.

**Bike & Pedestrian Fund Group:** This fund group accounts for an Alameda County Measure B revenues dedicated solely to bicycle and pedestrian projects. The City can only use these funds for transportation improvement projects that positively impact the flow of bicycle and pedestrian traffic throughout the City. Staff estimates that this fund group will have approximately \$2.8 million available over the next five years for capital projects. This includes \$2.45 million in new revenues, \$204,000 in estimated beginning fund balance, and \$150,000 in interest earnings.

**Park Development Impact Fees:** This fund group accounts for monies received from developers to mitigate impacts on the parks system resulting from new development and population growth. The City Council sets the fee amounts to be charged on all new residential development within the City on a per dwelling unit basis. According to State law, these funds can only be used to expand existing parks or to develop newly acquired parkland. This fund group is expected to have approximately \$14.6 million available over the five-year CIP period. The funds available include \$7.6 million in beginning fund balance, \$4.7 million in fee revenues, and \$2.3 million in interest earnings. Staff based these revenue estimates on projected residential construction activity and interest earnings over the next five years.

**Park Dedication In Lieu Fees:** This fund group accounts for monies received from developers to acquire additional parkland within the City. The City Council sets the fee amounts to be charged on all new residential development within the City on a per dwelling unit basis. Based on staff estimates, this fund will have approximately \$24.5 million available over the five-year CIP period to acquire parkland. Beginning fund balance comprises \$17.7 million of this amount while new fees and interest earnings are projected to generate \$5.3 million and \$1.5 million, respectively. Staff based these revenue estimates on projected residential construction activity and interest earnings over the next five years. This plan does not include appropriations for acquisition of any specific projects or potential park sites during the next five years. The City will hold the funds in an account until an appropriate site for acquisition is found. Whenever desirable sites are available for acquisition, staff will return to the City Council for consideration and appropriation authority.

**Redevelopment Agency Fund Group:** This fund group includes revenue available from the City's Redevelopment Agency to pay for its capital projects. The major sources of revenues in this fund group are from property tax increment and proceeds from the tax allocation bonds issued by the Redevelopment Agency. Staff estimates this fund group will have approximately \$32.1 million in available capital resources over the five-year CIP period.

**Committed/Restricted Fund Group:** This fund group accounts for funds that the City projects to receive from State, federal, and other agencies to fully or partially fund specific capital projects. It also includes internal restricted City funds available for specified purposes within the plan. The estimate of the total available funding included in this group is \$7.3 million. Some of the funds available in this



## Capital Budget Summary | Capital Budget Summary

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group include the Urban Runoff Clean Water funds for water quality improvement projects and funds from the Family Resource Center for significant maintenance projects. These outside funding sources help to relieve the pressure on other available CIP funding sources.

**Debt Fund Group:** This fund group accounts for debt proceeds for construction of various capital facilities and major equipment purchases approved as a part of the CIP. Debt in the amount of \$12 million is proposed to be issued for the seismic retrofit of the Police Building. The issuance of debt will be in accordance with the Council-adopted long-term capital debt policy. Repayment of the debt will be funded by the General Fund, with debt issued to reimburse the capital costs in accordance with Internal Service regulations, but in no event later than 18 months after the capital costs are incurred.

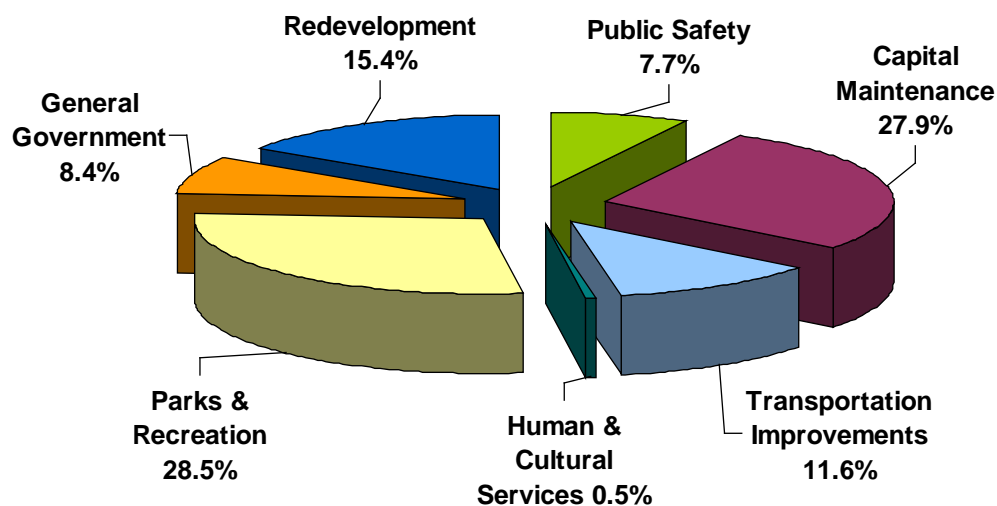
The City of Fremont will continue to face challenges in finding the resources to build and maintain its capital infrastructure at a level that is acceptable to those who live and work in the City. The City's capital planning has been adjusted to adapt to an unstable economic environment. This plan is reviewed and updated every two years. The process to update this plan biannually provides the City Council with a regular opportunity to consider the challenges the City faces, and to consider options for addressing them. Despite the funding limitations associated with this plan, the City will proceed with its significant capital work program for the benefit of the Fremont community.

## Capital Improvement Project Highlights

Within the CIP, projects are categorized by major funding sources and among seven programs: Public Safety, Capital Maintenance, Transportation Improvements, Parks and Recreation, Redevelopment, Human and Cultural Services, and General Government. The chart below shows that the largest share of the CIP budget, 28.5%, supports Parks and Recreation related infrastructure.

The following section provides an excerpt of key projects within each program category. Information about CIP funds summarized in the operating budget can be found in the Other Funds section of this document. A comprehensive list of projects is available in the adopted CIP for fiscal years 2009/10 through 2013/14.

**CIP FY 2009/10 - 2013/14**  
**Distribution of Funding by Program Category**  
**Total: \$155,631,479**



## Capital Budget Summary | Capital Improvement Project Highlights

### Public Safety

**1. Title:** Police Building Seismic Retrofit

**Subprogram:** Police

**Project Description:** Seismic retrofit/renovations of police building to meet current design standards.

**Funding Source:** Issuance of debt

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$12,000,000	\$0	\$0	\$0	\$0	\$12,000,000

**Operational Impact:** Because welding standards have been significantly expanded since the construction of this building, the facility's steel joints do not meet current design standards and are susceptible to failure. This retrofit work will insure that a critical City building is upgraded to maintain continuity of service in the event of an earthquake.



Police Building Seismic Retrofit

### Capital Maintenance

**1. Title:** Building Fire Alarm System Replacement

**Subprogram:** Buildings

**Project Description:** Replace fire alarm detection, alerting, and transmission equipment.

**Funding Source:** Capital Improvement Fund

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000

**Operational Impact:** Replacement and maintenance of fire alarm equipment insures that City property is protected adequately, and is a positive preventative measure in eliminating costlier replacements if buildings and/or City property were destroyed by fire.

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## Capital Budget Summary | Capital Improvement Project Highlights

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**2. Title:** Building Security System Replacement

**Subprogram:** Buildings

**Project Description:** Replace intrusion alarm equipment in selected City buildings, install access control and closed-circuit television (CCTV) equipment in selected buildings and modify buildings as necessary to meet security needs.

**Funding Source:** Capital Improvement Fund

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$100,000

**Operational Impact:** Continued maintenance of building security systems has a positive operational impact by protecting City property that would be much more costly to replace without proper security systems in place. This project will also minimize the need for Police Department responses, as well as reduce costs for re-keying building locks.

**3. Title:** Fremont Main Library Roof and HVAC Screen Replacement

**Subprogram:** Buildings

**Project Description:** Fremont Main Library tar and gravel roof replacement and HVAC screen removal and replacement in a new location.

**Funding Source:** Capital Improvement Fund

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$200,000	\$0	\$1,100,000	\$0	\$0	\$1,300,000

**Operational Impact:** This project anticipates including a “green roof” that will save energy costs for heating and cooling the building. Staff is currently undertaking a building audit to quantify potential thermal emittance and reflection savings as well as greenhouse gas reductions, which supports the City’s “green” policies.



Fremont Main Library

## Capital Budget Summary | Capital Improvement Project Highlights

**4. Title:** Public Buildings–Capital Replacements and Major Maintenance Repair

**Subprogram:** Buildings

**Project Description:** Annual project to fund major maintenance repair and replacement work on City buildings such as roof restorations or replacements, HVAC systems, floor coverings, boiler replacements, and painting.

**Funding Source:** Capital Improvement Fund

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	\$3,000,000

**Operational Impact:** Routine repair and maintenance has a positive impact by preventing the need for more expensive repairs in the future that would be required if maintenance was deferred.

**5. Title:** Concrete Repair Program

**Subprogram:** Streets/Infrastructure

**Project Description:** Annual project for reconstruction of curbs, gutters, sidewalks, and driveways.

**Funding Source:** Capital Improvement Fund

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$0	\$200,000	\$720,000	\$720,000	\$720,000	\$2,360,000

**Operational Impact:** This project has a positive impact by eliminating damaged concrete in the public right-of-way and positively contributes to ADA compliance.



Reconstruction of Sidewalk



Sidewalk Repair

## Capital Budget Summary | Capital Improvement Project Highlights

### 6. Title: Cape Sealing

**Subprogram:** Streets/Infrastructure

**Project Description:** Apply asphalt emulsions to street surfaces to seal the surface.

**Funding Source:** Prop. 42 Traffic Congestion Relief

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$1,350,000	\$0	\$750,000	\$750,000	\$750,000	\$3,600,000

**Operational Impact:** Cape sealing is a cost-effective street treatment option, generally costing four times less than overlay per square foot. This project is part of the City's ongoing preventative pavement maintenance program. This type of preventative maintenance extends the pavement life and decreases the need to perform the more expensive overlay.

### 7. Title: Street Overlays

**Subprogram:** Street/Infrastructure

**Project Description:** Apply asphalt overlay on selected streets throughout the City.

**Funding Source:** State Gas Tax 2106

State Gas Tax 2105

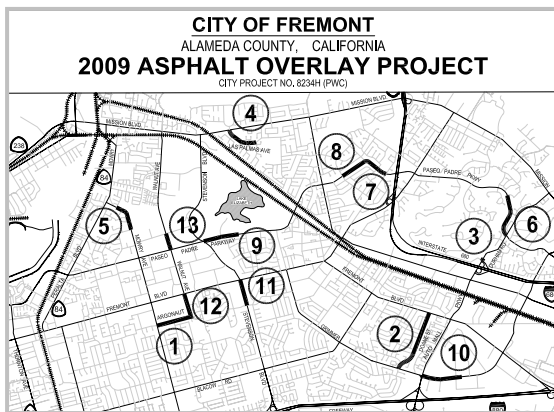
ACTIA Measure B Local Street

Prop. 42 Traffic Congestion Relief

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$2,850,000	\$2,850,000	\$2,850,000	\$2,850,000	\$2,850,000	\$14,250,000

**Operational Impact:** This project has a positive maintenance impact. Street overlay projects prevent street failures and decrease the need to perform the more expensive street reconstruction, which can cost three times the amount of a street overlay project.



2009 Asphalt Overlay Project Map



Street Overlay on Kato Road



## Capital Budget Summary | Capital Improvement Project Highlights

### 8. Title: Slurry Sealing

**Subprogram:** Streets/Infrastructure

**Project Description:** Seal selected street surfaces with an asphalt/sand mixture.

**Funding Source:** Prop. 42 Traffic Congestion Relief

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$0	\$1,350,000	\$600,000	\$600,000	\$600,000	\$3,150,000

**Operational Impact:** This project has a positive maintenance impact and is part of the City's ongoing preventative pavement management program. Slurry seal is the most cost-effective street treatment option, costing about 10% of the cost of overlays. Slurry seal extends the pavement life and decreases the need to perform more expensive overlay projects.

## Transportation Improvement

### 1. Title: Joseph Street Improvements

**Subprogram:** Street Improvements

**Project Description:** Install curb, gutter, sidewalk(s), and speed bumps on Joseph Street.

**Funding Source:** Redevelopment

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$1,100,000	\$850,000	\$0	\$0	\$0	\$1,950,000

**Operational Impact:** This project will increase the sidewalk inventory for concrete repair; however, it will also improve the safety of the neighborhood and eliminate the need for road shoulder maintenance work.



Joseph Street Improvements Plan



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## Capital Budget Summary | Capital Improvement Project Highlights

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**2. Title:** Warm Springs Widening, Corporate Way to south of Brown Road

**Subprogram:** Street Improvements

**Project Description:** Widen Warm Springs Boulevard to four lanes, divided from Corporate Way to south of Brown Road. Right-of-way is required on the east side of the street.

**Funding Source:** Traffic Impact Fee

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$100,000	\$300,000	\$1,000,000	\$1,700,000	\$1,840,000	\$4,940,000

**Operational Impact:** The completion of this widening project will improve vehicular access to the future Warm Springs BART Station. Upon completion, there will be an increase to the City's street inventory; however, the maintenance impacts will be small in relation to the City's overall inventory as well as the lower cost of maintenance of newer inventory.

### Parks and Recreation

**1. Title:** Centerville Community Park – Convert Baseball Field to All-weather Turf

**Subprogram:** Other Parks

**Project Description:** This project will convert the baseball field at Centerville Community Park from turf to all-weather turf.

**Funding Source:** Park Facility Impact Fee

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$500,000	\$1,510,000	\$0	\$0	\$0	\$2,010,000

**Operational Impact:** The elimination of water usage, mowing, weed control, fertilization, and repair give this type of turf more rental availability due to its all-weather durability and lack of maintenance downtime. This conversion to all-weather turf is expected to expand the use of the field by the public by 400% and reduce maintenance costs by 75%.



Irvington Community Park – New All-weather Turf

## Capital Budget Summary | Capital Improvement Project Highlights

### 2. Title: Citywide Playground Equipment Replacement

**Subprogram:** Other Parks

**Project Description:** This project replaces play equipment in citywide playgrounds.

**Funding Source:** Capital Improvement Fund

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000

**Operational Impact:** This project will address hazardous conditions and/or non-compliance with current safety standards, and create a safer and more inviting playground environment for children and adults in the community. In the near term, overall maintenance will decrease with these new equipment installations. In the long term, these replacements will not create any significant maintenance increases as these do not include any addition to the playground inventory.

### 3. Title: Central Park: Permanent Skate Park

**Subprogram:** Central Park

**Project Description:** Construct a permanent skate park in Central Park.

**Funding Source:** Park Facility Impact Fee

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$500,000	\$1,242,000	\$0	\$0	\$0	\$1,742,000

**Operational Impact:** This project will replace the temporary skate park, and will provide a positive maintenance impact by reducing the need for ongoing repairs that were required for the temporary skate park.



Skate Park

## Redevelopment

### 1. Title: Centerville Unified Site

**Subprogram:** Redevelopment

**Project Description:** The Centerville Unified Site is Redevelopment Agency-owned and one of the largest project undertakings in the Centerville district, located on a 6.6-acre site along Fremont Boulevard near Thornton Avenue. The development will be a public/private partnership focusing on creating a mix of uses and featuring architectural design consistent with the character of Centerville.

**Funding Source:** Redevelopment

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$0	\$3,600,000	\$3,600,000	\$0	\$0	\$7,200,000

**Operational Impact:** Although it is currently too early to quantify specific operational impacts, this development is likely to enhance sales tax revenues. However, City service demands will also likely increase based on new development.

### 2. Title: Niles Town Plaza

**Subprogram:** Niles

**Project Description:** A two-acre plaza on Niles Boulevard between I and H Streets.

**Funding Source:** Redevelopment

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$700,000	\$0	\$0	\$0	\$0	\$700,000

**Operational Impact:** The new plaza will provide a civic space that will help bring the community together, enhancing a sense of the community, and spur future economic development in Niles. The plaza buildings, fountain, and landscaping will slightly increase the City's overall maintenance responsibilities; however, it is also likely to be a new gathering space that can potentially encourage shopping in downtown Niles, thus enhancing sales tax revenues.



Niles Town Plaza

## Capital Budget Summary | Capital Improvement Project Highlights

### General Government

**1. Title:** Downtown/Midtown Plan

**Subprogram:** General Government

**Project Description:** Implementation of the Central Business District (CBD) Concept Plan, including streetscape, parking, and signage improvements in the CBD, development of retail attraction program, and physical improvements to link the CBD with the existing BART station.

**Funding Source:** Capital Improvement Fund

**Project Cost:**

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	Five year total
\$500,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$4,500,000

**Operational Impact:** This project envisions creating a lively, pedestrian-oriented downtown which will contribute to the City's economic growth. This development will likely enhance sales tax revenues; however, City service demands will also likely increase based on new development.



Downtown/Midtown Plan



# Department Budgets

## City Council

### Vision:

Fremont, in the year 2020, will be a globally connected economic center with community pride, strong neighborhoods, engaged citizens from all cultures, and a superb quality of life.

### Long-term Outcomes for the City of Fremont

1. Dynamic local economy: A diverse, strong, and adaptable economy where businesses can be successful in the global economy and where residents and visitors can enjoy high-quality commercial amenities.
2. An engaged and connected multicultural community: Strong relationships among people of all cultures and backgrounds to foster democratic community leadership and commitment to a flourishing Fremont.
3. Thriving neighborhoods: Safe and distinctive commercial and residential areas where people know each other, are engaged in their community, and take pride in their neighborhoods. Make Fremont a great place to raise children.
4. Live and work in Fremont: A range of housing to match the variety of jobs in Fremont enabling people to live and work locally throughout their lives.
5. Interesting places and things to do: Places of interest throughout the community where people want to gather, socialize, recreate, shop, and dine.
6. Effective transportation systems: A variety of transportation networks that make travel easy throughout Fremont.

City Council Historical Expenditures/Budget, by Category						
	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Salaries & Benefits	\$ 125,608	\$ 125,853	\$ 135,036	\$ 135,036	\$ 135,036	\$ 135,036
Operating Expenditures	121,565	154,748	168,692	168,692	168,692	172,066
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 247,173</b>	<b>\$ 280,601</b>	<b>\$ 303,728</b>	<b>\$ 303,728</b>	<b>\$ 303,728</b>	<b>\$ 307,102</b>
% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget						1.1%
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department.						
** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.						



### Key City Priorities

1. Significant Capital Projects: Successfully undertake a variety of important capital projects throughout the City, including, but not limited to Niles Town Plaza, Bay Street, Fire Bond projects, and the Washington Boulevard/Paseo Padre Parkway grade separation.
2. General Plan Update: Complete an update to the General Plan (adopted 1991), including revisions and updates to all required elements, plus the addition of new elements including one on community character and another on sustainable development.
3. BART to San Jose: Assist BART as necessary to facilitate the construction of the extension to Warm Springs, secure funding for the Irvington BART Station, and facilitate the extension to San Jose by working with partner agencies to secure full funding.
4. Midtown: Create a vibrant central business district in Fremont that includes a mix of commercial, retail, residences, and restaurants.
5. Economic Development: Recruit new retail and restaurants to Fremont; work to retain and expand current businesses.



### Accomplishments

- **Washington Boulevard/Paseo Padre Parkway Grade Separation**

The Washington/Paseo Padre Parkway Grade Separation Project, the largest project in the City's history, is moving along ahead of schedule and under budget. This project, which will reduce congestion, improve safety and pave the way for the Warm Springs BART extension, is almost a year ahead of schedule. The relocation of the Union Pacific Railroad tracks and BART bridge over Paseo Padre Parkway is already completed. The new Washington Boulevard Bridge opened to traffic in March 2009 and the new Paseo Padre roadway will open in late summer. The full project is scheduled to be completed by the end of 2009.

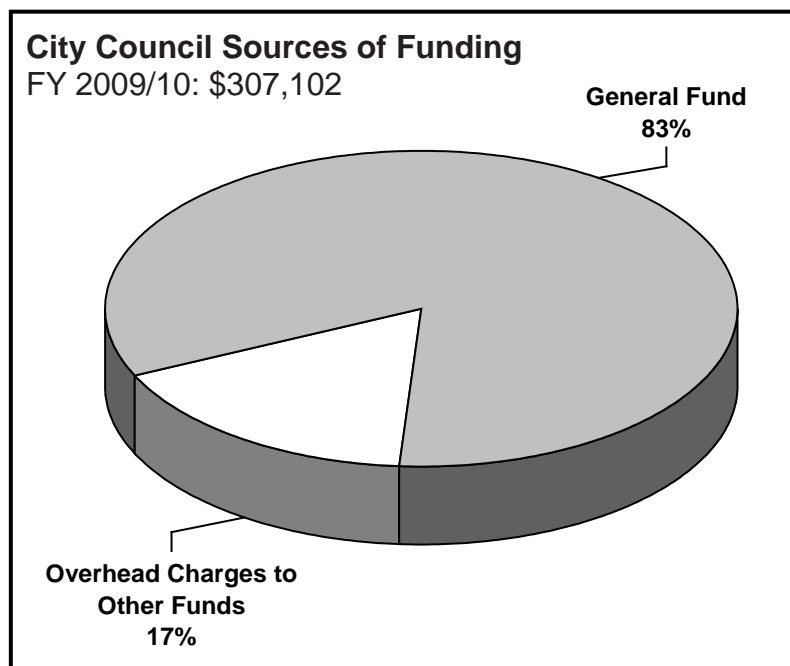
- **BART to San Jose**

The BART Extension to Warm Springs is now fully funded. Final funding actions were taken during December 2008 and January 2009 by the Metropolitan Transportation Commission, Santa

Clara Valley Transportation Authority, Alameda County Transportation Improvement Authority, and the Bay Area Rapid Transit District. BART service to Warm Springs is scheduled to begin in mid-2014.

- **Fire Bond Projects**

The Centerville Fire Station 6 moved from its previous downtown Centerville location to the corner of Central Avenue and Dusterberry Way and was constructed with money from Fremont's fire bond, approved by the voters in 2002. The new 13,000-square-foot station, which opened in January 2009, will improve response time in a district with relatively high demand for fire services.



### **Major Changes for FY 2009/10 and Impact of Reductions**

The FY 2009/10 City Council proposed budget is \$3,374 (or 1.1%) more than the FY 2008/09 adopted budget. City Council salaries are set by Council ordinance (FMC Section 2-1103) and are remaining the same for FY 2009/10. Operating and capital expenditures are increasing consistent with typical CPI increases in this category citywide.



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## Community Development

### Mission:

To preserve and construct high-quality development and enhance the natural and historic environment within Fremont through cooperative partnerships and timely and efficient responses to customer requests.

### Description of Responsibilities and Services

The Community Development Department provides community planning; engineering design, development, and inspection of public facilities; community preservation; and building permit issuance and construction inspection. Together with the community, the department works to implement the goals of the City as referenced through the General Plan, area concept plans, and Council direction. The department further assists the community in meeting all development requirements. The department's activities reflect the community's desire to preserve its open space and hillsides, design and develop parks, maintain the community's historic centers and character, and build high-quality residential and commercial development in targeted areas throughout the City. In keeping with the Sustainability Policy adopted by the City Council in 2006, the department continually seeks opportunities to encourage sustainable development and "Green Building" construction measures.



**Community Development**  
Historical Expenditures/Budget, by Major Service Area

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Planning	\$ 3,866,191	\$ 4,702,416	\$ 4,584,275	\$ 5,244,164	\$ 5,186,776	\$ 4,439,746
Building and Safety	5,345,544	5,757,938	5,917,235	6,573,111	6,497,445	5,472,743
Engineering	6,825,078	7,293,208	7,593,153	7,965,438	7,909,627	7,114,323
Community Preservation	638,175	722,687	667,247	746,426	746,426	745,939
<b>Total Community Development</b>	<b>\$ 16,674,988</b>	<b>\$ 18,476,249</b>	<b>\$ 18,761,910</b>	<b>\$ 20,529,139</b>	<b>\$ 20,340,274</b>	<b>\$ 17,772,751</b>

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

### Accomplishments

- Piloted installation of window film and lighting retrofits at the Development Center. The program was expanded to five City buildings through the Association of Bay Area Governments (ABAG) Energy Watch program, resulting in an expected annual savings and greenhouse gas reductions of \$60,000 and 175 tons, respectively.
- Conducted the “Envision Fremont Boulevard” community design workshop that involved more than 100 residents and generated many design ideas for use in the General Plan Update.
- Revised the Housing Element of the General Plan and submitted it to the State Housing and Community Development Department for certification.

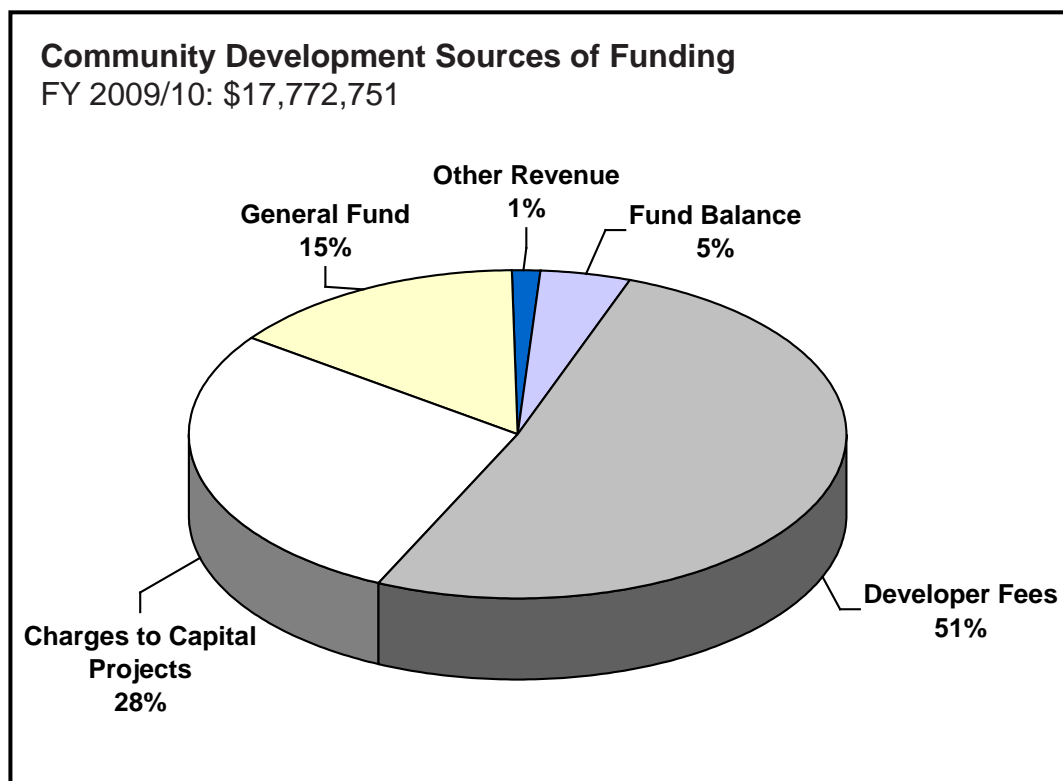


- Improved road network pavement condition by applying overlay to 4.5 miles of distressed streets and slurry seal treatments to 35 miles of City roadways.
- Identified opportunities to streamline the development process to increase staff efficiency and customer satisfaction.
- Completed construction of Fire Station No. 6 in Centerville, and the Fire Training Classrooms/ Administration Offices in City Hall Building A.
- Commenced construction of Fire Station No. 2 in Niles, and the Police Firing Range, located on the Police Department campus. Awarded the construction contracts for the Fire Department Tactical Training Center at Stevenson, and Fire Station No. 11 in the industrial area.

### FY 2009/10 Special Projects

1. Complete the update to the City’s General Plan by spring 2010 reflecting extensive community input, technical studies, and direction from the Planning Commission and City Council.
2. Prepare a Climate Action Plan that lays out strategies for achieving greenhouse gas reduction targets adopted by the City Council, to be developed concurrently with the General Plan.
3. Develop the Central Business District-Midtown Streetscape and Zoning Plan in coordination with TMG Partners.

4. Complete the update of the City's Wireless Telecommunications Ordinance consistent with the provisions of the Hill Area Initiative and current State regulations by early 2010.
5. Complete the multi-family design guidelines for residential development projects by fall 2009 to ensure that new multi-family development is compatible with existing development and is an asset to the overall community.
6. Improve public access to development and permitting information on the City's website, including pursuing technology to implement a web-based permitting system.
7. Streamline the development process to increase staff efficiency and customer satisfaction.
8. Construct public safety projects, including Fire Station 2, and the Police Firing Range by the end of winter 2009/10.
9. Complete construction of Fire Station 3, the Fire Tactical Training Center, and Fire Station 11 by June 2010.
10. Repair and treat 40 miles of City streets with overlay and slurry seal by fall 2009 to improve road conditions.



## Department Budgets | Community Development

### Community Development Historical Expenditures/Budget, by Category

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Salaries & Benefits	\$ 12,862,731	\$ 14,003,848	\$ 14,630,970	\$ 15,848,200	\$ 15,728,629	\$ 13,615,720
Operating Expenditures	787,888	1,223,281	699,152	1,121,381	984,482	818,127
Capital Expenditures	61,773	-	-	-	67,605	-
Indirect Expense Allocation**	2,962,596	3,249,120	3,431,788	3,559,558	3,559,558	3,338,904
<b>Totals</b>	<b>\$ 16,674,988</b>	<b>\$ 18,476,249</b>	<b>\$ 18,761,910</b>	<b>\$ 20,529,139</b>	<b>\$ 20,340,274</b>	<b>\$ 17,772,751</b>

% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget -12.6%

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

\*\* Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

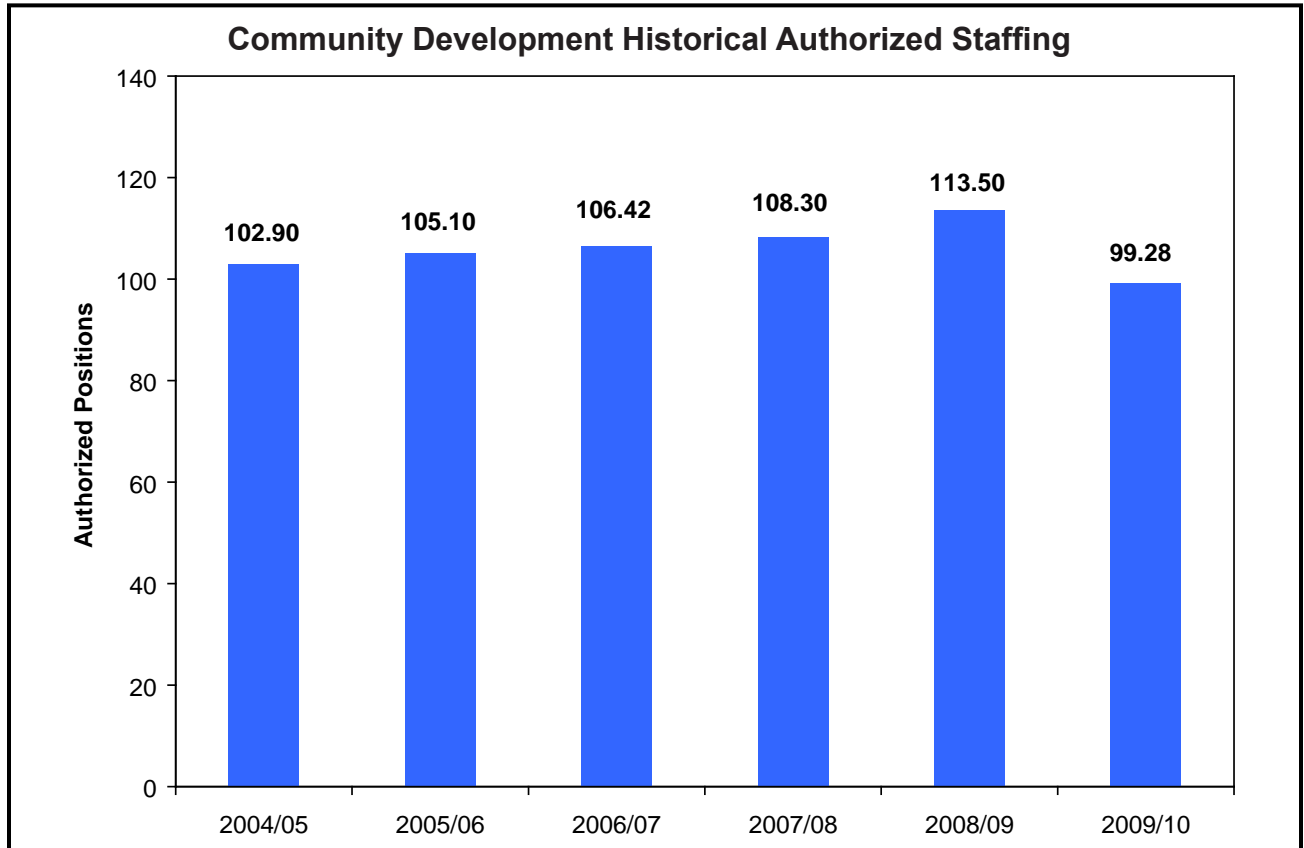
### Major Changes for FY 2009/10 and Impact of Reductions

The FY 2009/10 Community Development proposed budget is \$2,567,523 (or 12.6%) less than the FY 2008/09 adopted budget. The number of authorized positions is being reduced from 113.5 to 99.275. (A detailed list of citywide position changes can be found on page 30-31.)

Salaries and benefits are decreasing by 13.4% due to the elimination of 13 permanent positions, as well as elimination of 11 temporary positions.

Operating and capital expenditures are decreasing by 22.2% as a result of reduction of consultant services and a portion of the department training budget. Indirect expenses are decreasing by 6.2% as a result of overall expenditure reduction department wide.

Although the Community Development Department's reductions are larger than other City departments on a percentage basis, the impacts may be minimized because the reduction in staffing corresponds to the reduction in development activity. Because of the department's reliance on permit and project fees as a main revenue source, staffing is designed to fluctuate with the market. If the economic downturn continues, additional cost saving measures will need to be considered, which may lead to service reductions.



## Department Budgets | Community Development

Staffing by Function FY 2009/10

99.28 Permanent Full-Time Equivalents

### Community Development

#### Building & Safety

Community Development Director	0.25
Community Development Deputy Director	0.50
Plans & Permits Manager	1.00
Supervising Building Inspector	2.00
Fire & Life Safety Plans Examiner	1.00
Plan Check Engineer	5.00
Management Analyst II	0.166
Development Services Supervisor	1.00
Building Inspector Specialist	5.00
Building Inspector	9.00
Senior Development Services Technician	1.00
Development Services Technician II	2.00
Senior Office Specialist	1.00
Office Specialist II	1.00

#### Community Preservation

Community Development Deputy Director	0.10
Community Preservation Manager	1.00
Code Enforcement Officer II	5.00

#### Engineering

Community Development Director	0.25
Community Development Deputy Director	0.20
City Engineer	1.00
Dev & Construction Services Manager	1.00
Senior Civil Engineer	2.00
Senior Landscape Architect	1.00
Real Property Manager	1.00
Real Property Agent	1.90
Associate Civil Engineer	4.75
Facilities Design/Construction	
Project Supervisor III	1.00
Supervising Construction Coordinator	1.00
Management Analyst II	0.167
Civil Engineer II	4.88
Facilities Design/Construction	
Project Supervisor II	1.00
Assoc. Landscape Architect	3.00
Senior Engineering Specialist	1.00
Senior Construction Inspector	4.00
Chief of Party	1.00
Construction Inspector	3.00
Landscape Architect/Designer II	1.00
Survey Instrument Operator	1.00
Senior Executive Assistant	1.00
Office Specialist II	3.00

### Planning

Community Development Director	0.25	Development Services Supervisor	1.00
Community Development Deputy Director	0.20	Associate Planner	7.00
Planning Director	1.00	Planner II	2.00
Community Dev Special Project Manager	0.50	Executive Assistant	1.00
Senior Planner	3.00	Senior Development Services Technician	1.00
Information Systems Appl Specialist III	1.00	Zoning Technician	2.00
Management Analyst II	0.167	Senior Office Specialist	2.00
		Accounting Specialist II	1.00
		Development Services Technician I	1.00



## Economic Development

### **Mission:**

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To improve the community's economic base and quality of life for businesses and residents by helping to create a dynamic local economy, develop interesting places to go and things to do, provide the ability to live and work in Fremont, retain and attract businesses, and strengthen sales tax revenues.

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### **Description of Responsibilities and Services**

The Office of Economic Development proactively works with the business community, real estate brokers, developers, and property owners to create the type of retail, office, and industrial or technology-based development desired by the City. The department creates and implements an overall marketing strategy for the City as a quality place in which to live and do business, and proactively communicates with the business community to promote Fremont as a location of choice. Furthermore, it serves as a liaison between property owners, developers, and City staff to ensure that development moves forward in a timely manner. The department also works with regional development organizations to strengthen Fremont's position within the local, regional and global economies, supports Council's leadership position in economic development efforts; and assists the Redevelopment Agency in the revitalization of Fremont's historic commercial districts.

Ongoing services include continuing efforts to attract retail and restaurants to the City to increase sales tax revenues and promote local opportunities for goods and services, as well as places where people can gather and enjoy activities. The department also works to promote the expansion of the City's biotech, life science, and technology industrial base and increase quality employment opportunities.



The department provides services and resources to local small businesses, including monthly workshops to promote entrepreneurial development and business growth as well as monthly workshops and individual business consulting in partnership with the East Bay Small Business Development Center (SBDC) to ensure that Fremont small businesses have access to a range of development resources.

## Department Budgets | Economic Development

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On an annual basis, the department has produced four issues of the Citywide newsletter and six issues of the e-biz newsletter. Beginning in FY 2009/10, the Citywide newsletter will be produced three times instead of four. The department also continues to develop the content for the City's website and to expand the programming of Municipal Cable Channel 27 in order to provide residents and businesses with more timely, detailed information about Fremont.



The department works with the business community to communicate issues to the City Council through Economic Development Advisory Commission meetings and corporate site visits, provides business attraction, site selection, permitting and marketing assistance by supporting [www.ThinkFremont.com](http://www.ThinkFremont.com) and [www.fremont.gov](http://www.fremont.gov), participates in key retail, biotechnology and industry events, and works to ensure increased participation by manufacturing firms in State programs such as the Employment Training Panel (which provides funds to increase competitiveness).

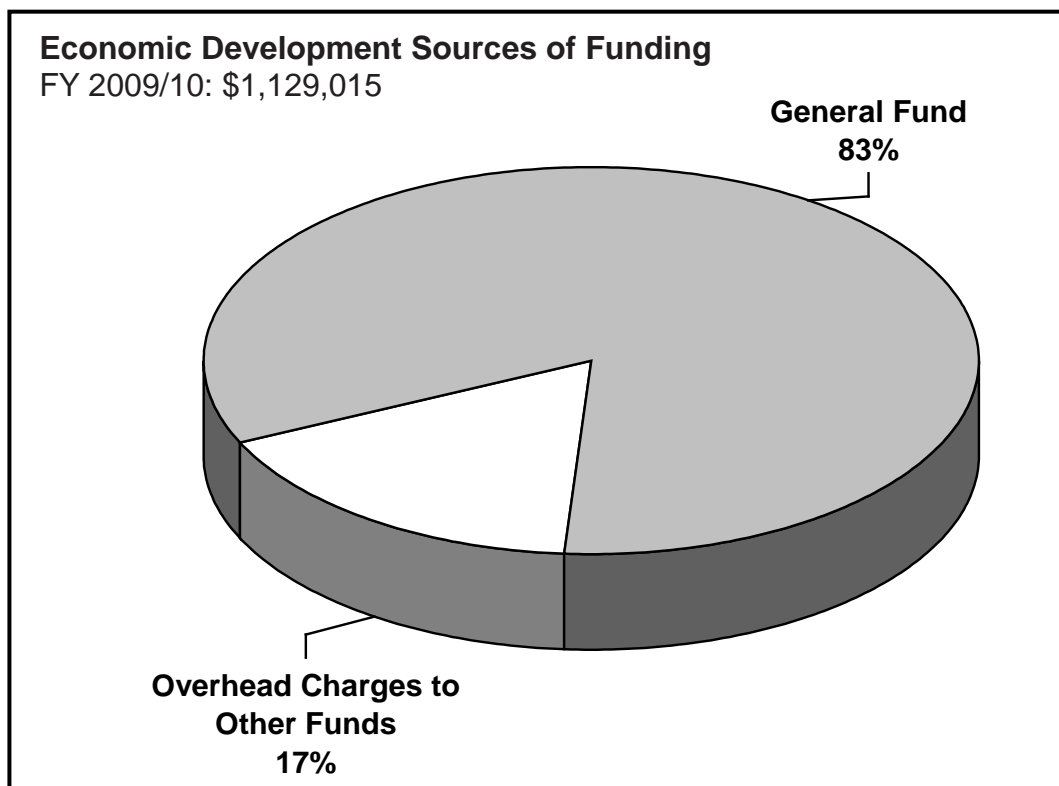
Finally, the department conducts land use and zoning improvement analyses to increase economic growth for the City's commercial and industrial areas, and facilitates development activities in the historic redevelopment and downtown areas to encourage revitalization and increase business activities and revenues.

### Accomplishments

- Released the "Fremont Market Analysis and Retail Strategy," which includes a five-year retail expansion and recruitment strategy for the City, and the "Industrial Land Use Analysis." Both reports will be used as background documents for the General Plan as well as guides to future retail and industrial recruitment efforts.
- Received the California Association for Local Economic Development (CALED) Award of Excellence - Grand Prize for Economic Development Promotions Category - for our "Shop Fremont!" Marketing Campaign and the Award of Merit for the Small Business Workshop Series.

### FY 2009/10 Special Projects

1. Implement a Local Business Stimulus Plan in an effort to assist local businesses during this difficult economic period, including reduced Development Impact Fees, increased business support services, as well as the creation of other short-term incentives developed to assist business growth and increase revenues. In addition, staff will assist local businesses in maximizing funding opportunities from federal or State stimulus or incentive programs.
2. Create new communications and marketing efforts, including the newly designed website, full range of marketing materials, and a new property search feature for prospective businesses.
3. Develop a Specific Plan for the Capitol Avenue/Midtown area of Fremont in order to spur the creation of a transit and pedestrian-oriented mixed use project.



**Economic Development**  
**Historical Expenditures/Budget, by Category**

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Salaries & Benefits	\$ 624,958	\$ 696,490	\$ 728,349	\$ 766,251	\$ 760,558	\$ 744,016
Operating Expenditures	254,602	238,142	346,283	404,281	350,140	248,411
Capital Expenditures	-	-	-	-	-	541
Indirect Expense Allocation**	14,172	24,054	136,047	136,047	136,047	136,047
<b>Totals</b>	<b>\$ 893,732</b>	<b>\$ 958,686</b>	<b>\$ 1,210,679</b>	<b>\$ 1,306,579</b>	<b>\$ 1,246,745</b>	<b>\$ 1,129,015</b>

% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget -9.4%

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

\*\* Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

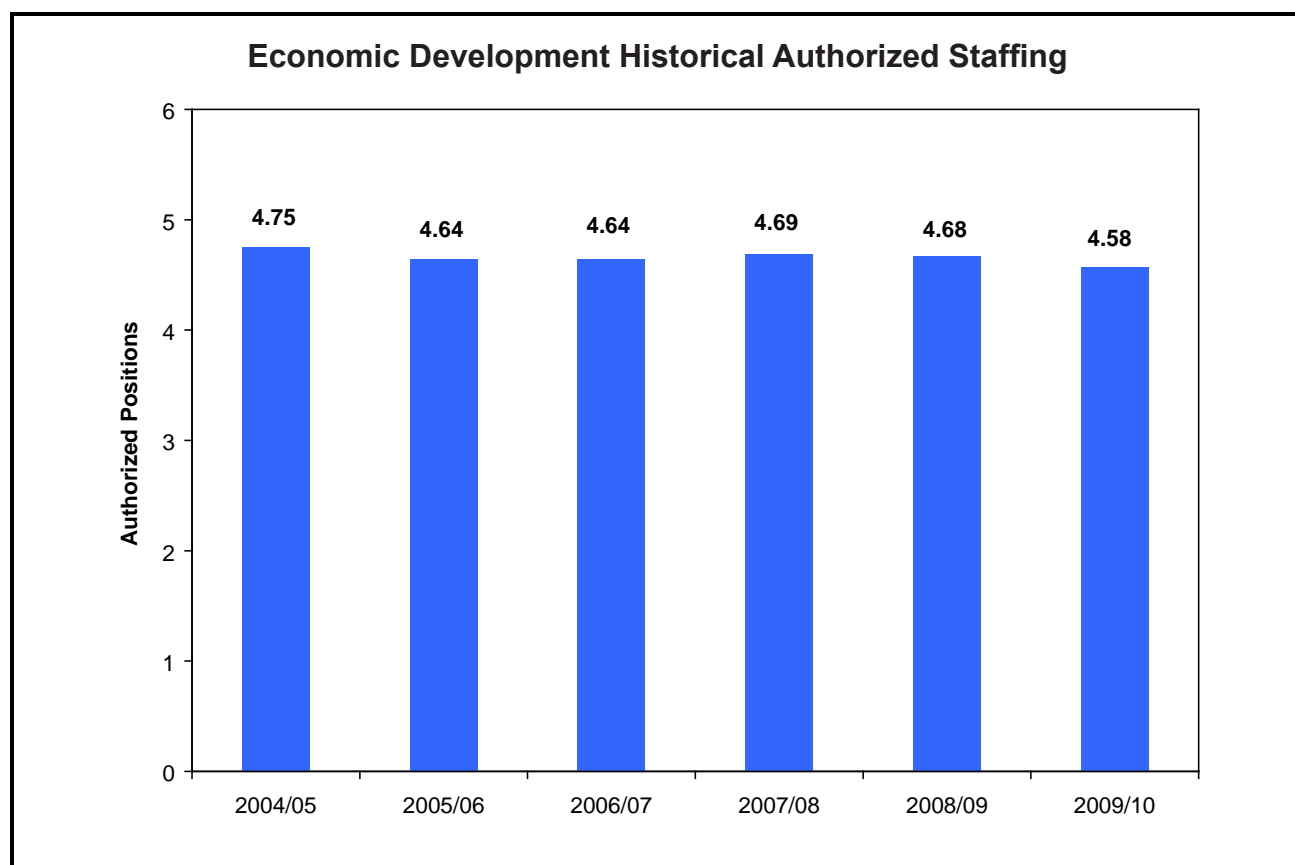
### Major Changes for FY 2009/10 and Impact of Reductions

The FY 2009/10 Economic Development proposed budget is \$117,730 (or 9.4%) less than the FY 2008/09 adopted budget.

Salaries and benefits are decreasing by 2.2% as a result of transferring 10% of the Economic Development Manager's salary and benefits to the Housing and Redevelopment Agency to reflect time spent on those activities. This 0.10 FTE change is reflected in the authorized staffing charts.

Operating and capital expenditures are decreasing by 28.9% to reflect the department's reductions in consultant and contract services, as well as reducing the quarterly newsletters that will now be produced only three times per year, instead of four.

Impacts of reductions are primarily in the area of contractual services. The contract for retail development services will be reduced to specific project work only, resulting in less retail recruitment, attraction, and expansion efforts because the work will be transferred to other staff members within the department. The major economic development study and marketing materials will now be completed every other year, rather than annually. The Citywide newsletter, which has been distributed four times per year, will now be distributed only three times each year. To help offset this change in frequency of distribution, the department will publish more information on the City's website, corresponding to the change in the way many individuals now receive their information.



Staffing by Function FY 2009/10

4.575 Permanent Full-Time Equivalents

**Economic Development**

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Economic Development Director	0.675 *
Economic Development Manager	0.90*
Economic Development Coordinator	1.00
Communications Coordinator	1.00
Executive Assistant	1.00

*\*The balance of this position is budgeted in the Office of Housing & Redevelopment.*

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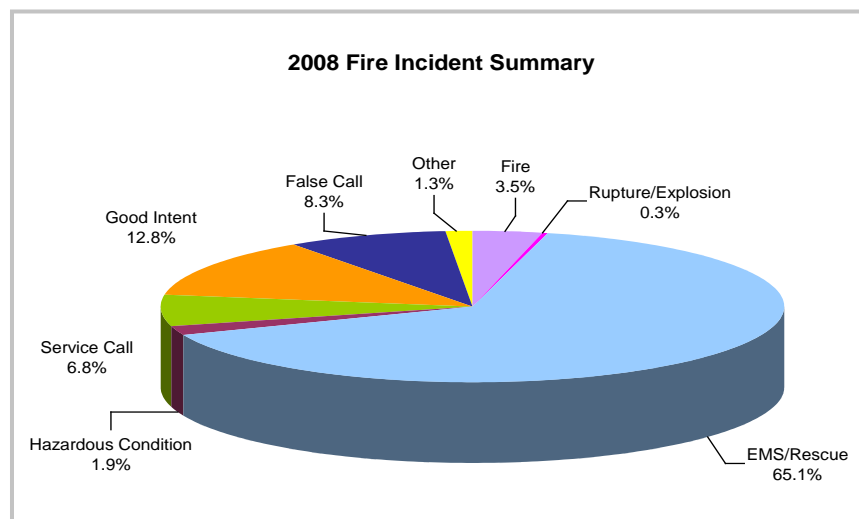
## Fire

### Mission:

To prevent and minimize the loss of life and property threatened by the hazards of fire, medical and rescue emergencies, hazardous materials incidents, and disaster situations within the community.

### Description of Responsibilities and Services

The Fire Department is responsible for providing the rapid delivery of fire, medical, rescue, and life safety emergency services within Fremont. Emergency services are delivered through thirteen in-service fire companies from eleven strategically located fire stations in the City with the primary goals of reducing casualties and the loss of life, improving patient outcomes, reducing property loss and damage, effecting successful extrications of trapped victims, and protecting the environment from the effects of a hazardous materials release. In calendar year 2008, the Fire Department responded to 13,190 calls for service. These calls generated 16,507 engine and truck company runs.



The Fire Department also provides the following programs and services that are nationally recognized for their excellence: an innovative and cutting edge paramedic program; community disaster preparedness training through its Community Emergency Response Team (CERT) program; a State-certified rescue team at the “heavy” level; fire and life safety code inspection services in nearly 6,000 businesses; hazardous materials management services for over 1,000 facilities; Urban Search and Rescue (USAR) services with California Task Force 4; and enhanced emergency triage and pre-hospital treatment plans and capabilities for victims of a mass casualty event or public health emergency as one of 124 Metropolitan Medical Response System (MMRS) cities nationwide. Departmental efforts to involve the community in its activities include maintaining its relationship with the Fremont Citizens Corps Council (CCC) and performing public relations/education activities as requested.



## Department Budgets | Fire

Ongoing department objectives include continuing departmental staff training in order to maintain and enhance skills, receive the most current information and education on industry standards and practices, and provide career development programs to enhance job performance and safety as well as preparation for advancement opportunities. The department anticipates a higher than average turnover for the next five years based on the age of the workforce. Thus, entry-level and promotional planning and training will be critical.

One of the department's highest continuing priorities is to improve response times, in order to increase the likelihood of preserving life and property, as part of the department's continuous efforts to achieve emergency response performance goals including: arrival on the scene of emergencies within six minutes, forty seconds (6:40), 90% of the time; rescue and extraction of trapped individuals in 30 minutes or less from time of arrival, 90% of the time; and arrival on the scene of fires before flashover with confinement of structure fires to room of origin, 90% of the time.



The department is instrumental in providing ongoing preparedness training to departmental and other City staff to respond to human caused and natural disaster events. On an annual basis, the department conducts three CERT courses, fifteen Personal Emergency Preparedness (PEP) courses, and holds and participates in local and regional disaster exercises. Finally, the department inspects high risk facilities, completes standard program inspections to maintain a one to three year inspection cycle, identifies and recruits new businesses into the inspection program, and requires eligible businesses to obtain California Fire Code permits and enroll in associated CUPA (Certified Uniform Program Agencies)/Hazardous Materials programs.

<b>Fire</b>						
<b>Historical Expenditures/Budget, by Major Service Area</b>						
	<b>2006/07 Actual</b>	<b>2007/08 Actual</b>	<b>2008/09 Estimated Actual</b>	<b>2008/09* Adjusted Budget</b>	<b>2008/09 Adopted Budget</b>	<b>2009/10 Adopted Budget</b>
Operations/Emergency Medical Service	\$ 21,965,577	\$ 24,699,153	\$ 26,434,772	\$ 26,848,986	\$ 26,730,862	\$ 25,359,154
Administration	4,169,054	4,302,903	4,342,713	4,500,108	4,422,797	4,452,796
Prevention	1,255,585	1,161,489	1,289,839	1,311,435	1,293,053	1,338,221
Disaster Preparedness	279,144	611,875	753,669	753,669	628,200	752,000
<b>Total Fire</b>	<b>\$ 27,669,360</b>	<b>\$ 30,775,420</b>	<b>\$ 32,820,993</b>	<b>\$ 33,414,198</b>	<b>\$ 33,074,912</b>	<b>\$ 31,902,171</b>

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

## **Accomplishments**

- Achieved several milestones with the Measure “R” Fire Bond program including: completed construction and began service from the New Fire Station 6 (Centerville) in December 2008; completed the design and began construction of Fire Station 2 (Niles) in September 2008; completed the design and construction, and began service from the Building “A” Fire Administration/Training Center in April 2009; finalized the design of Fire Station 3 (Irvington) and began the bidding process; and finalized the design and began the bidding process for the Fire Department Tactical Training Center.
- Completed the design process, bid and began construction of Fire Station 11.
- Staffed, trained, and implemented the Special Operations Task Force, which responds to hazardous materials, technical rescue, large multi-casualty, public health, and weapons of mass destruction incidents.
- Completed the purchasing process for acquisition of the third and partial fourth phases of the apparatus replacement plan, including seven engines, one aerial ladder truck, and one wildland engine.
- Conducted an extensive field study and purchased replacement cardiac monitor/defibrillators and automated external defibrillators (AEDs). The cardiac monitors were deployed in the field in January 2009 and the AEDs will be deployed in early FY 2009/10.
- Integrated the California Environmental Protection Agency’s (CalEPA) Aboveground Petroleum Storage Program into the existing CUPA administration, inspection and enforcement efforts.
- Inspected all of Fremont Unified School District’s grade K-12 public schools and reviewed over 2,000 businesses for placement within ongoing fire and life safety code inspection programs in the department’s records management system.
- Updated the Fire Department’s Strategic Plan, and identified areas of focus for the next three to five year period.



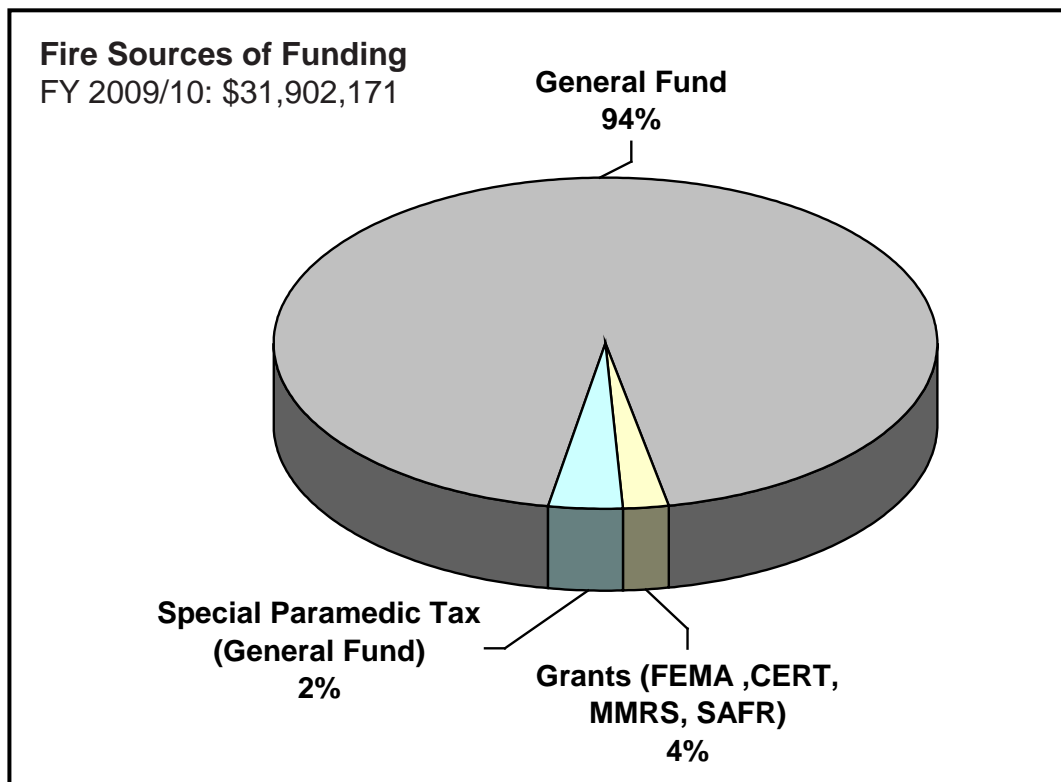
## **FY 2009/10 Special Projects**

1. Continue implementation of the Measure “R” Fire Bond projects, including: complete construction of Fire Station 2 (Niles); complete the bidding process and start construction of Fire Station 3 (Irvington); and start construction of the Fire Tactical Training Center.
2. Complete the purchase process for acquisition of the fourth phase of apparatus replacement, to include one wildland engine, one air/light unit, and one water tender.

## Department Budgets | Fire

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3. Complete the acquisition and replacement of all VHF and UHF Portable radios by upgrading to digital technology to enhance inter- and intra-agency interoperable voice communication.
4. Purchase and implement “tablet” computers for use in the field by Fire Prevention inspectors to improve efficiency of the records management system with direct data input.
5. Develop and implement a sustainable plan to provide CPR education, training and refresher courses to designated City employees in the use of automated external defibrillators (AEDs).
6. Update management and monitoring of controlled substances for compliance with new statewide regulations regarding Advanced Life Support (ALS) service providers.
7. Procure Emergency Medical Services (EMS) training manikins to improve and update EMS training and quality assurance requirements.
8. Using the updated Strategic Plan identify key strategic areas to focus resources and identify anticipated outcomes of programs and service delivery over the next three to five years.



<b>Fire Historical Expenditures/Budget, by Category</b>						
	<b>2006/07 Actual</b>	<b>2007/08 Actual</b>	<b>2008/09 Estimated Actual</b>	<b>2008/09* Adjusted Budget</b>	<b>2008/09 Adopted Budget</b>	<b>2009/10 Adopted Budget</b>
Salaries & Benefits	\$ 23,965,048	\$ 26,612,302	\$ 28,404,652	\$ 29,028,622	\$ 28,879,297	\$ 27,417,800
Operating Expenditures	1,498,734	1,637,395	1,846,302	1,815,537	1,443,509	1,868,599
Capital Expenditures	144,938	-	-	-	182,067	-
Indirect Expense Allocation**	2,060,640	2,525,723	2,570,039	2,570,039	2,570,039	2,615,772
<b>Totals</b>	<b>\$ 27,669,360</b>	<b>\$ 30,775,420</b>	<b>\$ 32,820,993</b>	<b>\$ 33,414,198</b>	<b>\$ 33,074,912</b>	<b>\$ 31,902,171</b>
% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget						-3.5%
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.						
** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.						

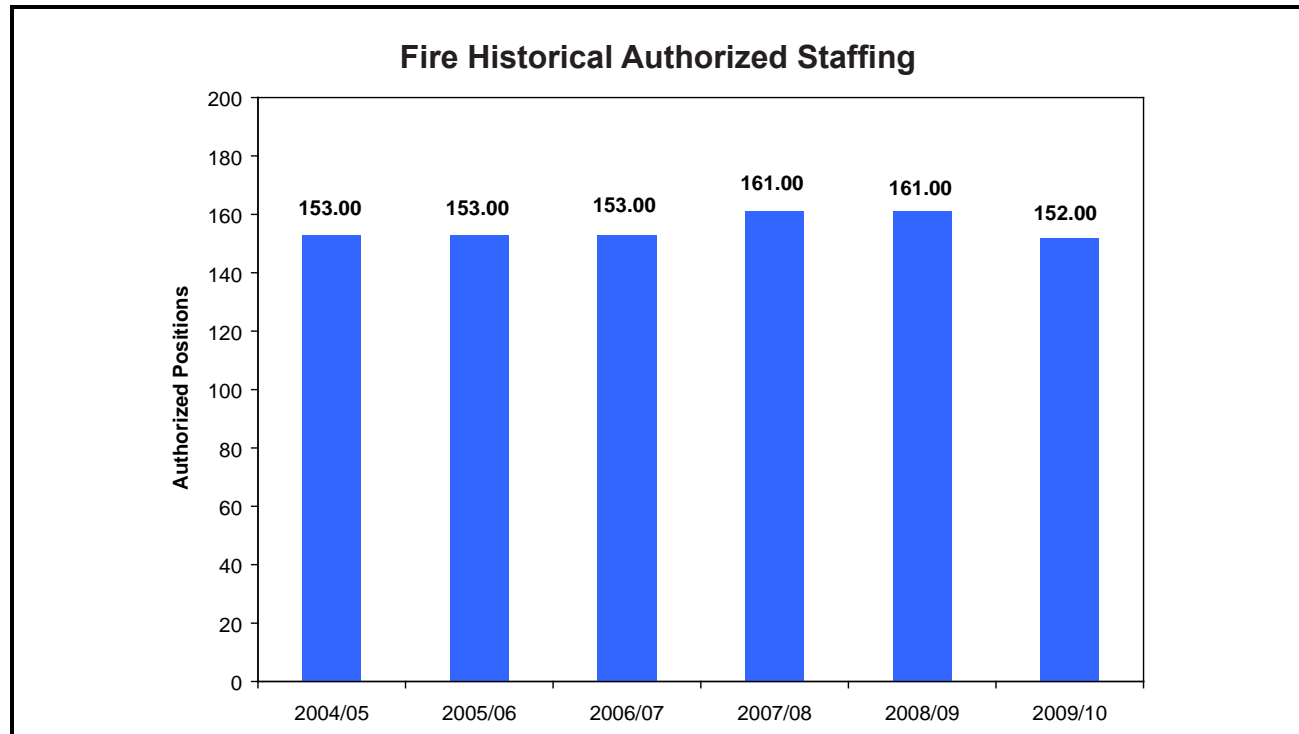
## Major Changes for FY 2009/10 and Impact of Reductions

The FY 2009/10 Fire Department proposed budget is \$1,172,741 (or 3.5%) less than the FY 2008/09 adopted budget. The number of authorized positions is being reduced from 161.0 to 152.0 due to the elimination of nine firefighter positions, which is reflected in the 5.1% decrease in salaries and benefits.

Operating and capital expenditures are increasing by 14.9% over the FY 08/09 adopted budget, which is primarily the result of increased services funded by an increase in Metropolitan Medical Response System (MMRS) funding from a Homeland Security Grant.

The indirect expense allocation is increasing by 1.8% due to typical annual increases in retiree medical benefits.

As a result of staff reductions, fire station closures (“rolling brownouts”) will be rotated throughout the City. This change in service will directly impact the community because response times for fire and emergency medical services will likely increase.



Staffing by Function FY 2009/10

152.00 Permanent Full-Time Equivalents

**Fire**

<b>Fire Chief's Office</b>			
Fire Chief		1.00	
Deputy Fire Chief		1.00	
<b>Operations</b>		<b>Fire Prevention</b>	
Deputy Fire Chief	1.00	Fire Marshal	1.00
Battalion Chief	6.00	Deputy Fire Marshal	1.00
Fire Captain	42.00	Haz Mat Technician	3.00
Fire Engineer	40.00	Senior Code Enforcement Officer	1.00
Firefighter	42.00	Code Enforcement Officer	2.00
<b>Emergency Medical Services/Training</b>		<b>Administration/Personnel</b>	
Deputy Fire Chief	1.00	Business Manager	1.00
Nurse Educator	1.00	Senior Executive Assistant	1.00
Fire Captain	2.00	Senior Accounting Specialist	1.00
		Senior Office Specialist	2.00
		Office Specialist I/II	2.00

## Housing & Redevelopment

### **Mission:**

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To foster economic growth through revitalization of commercial corridors, preservation of historic integrity, and construction of infrastructure improvements in the Centerville, Irvington, Niles, and Industrial Project Areas of the Fremont Redevelopment Agency, and to promote the development of quality, affordable housing.

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### **Description of Responsibilities and Services**

The Office of Housing and Redevelopment and the Fremont Redevelopment Agency are dedicated to building community stability over the long term by: investing in key mixed-use development projects that serve as economic catalysts for revitalizing the redevelopment project areas; strengthening neighborhoods by supporting quality housing developments and programs; and increasing the supply of affordable housing throughout the City by continuing its Affordable Housing Plan Strategy. The Agency's current Five-Year Implementation Plan focuses agency efforts on stimulating investment in the Centerville, Irvington, and Niles Project Areas; facilitating major infrastructure construction in the Industrial Project Area; and improving, preserving, and supporting the development of quality affordable housing.



Ongoing affordable housing services include facilitating First Time Homebuyer workshops; monitoring and certification of units to ensure homes continue to be occupied by first-time homebuyers; screening and qualifying income eligible households under the City's Inclusionary Housing Ordinance; counseling services for low-income individuals seeking housing referrals; and housing rehabilitation programs (which provide low-income loans for single family owner-occupied homes), including design assistance and monitoring of rehabilitation work. The Agency continues to fund Project Independence to provide rental subsidies to young adults aged out of the foster care system during their enrollment in a vocational training program, and rent reduction to eligible Housing Scholarship Program participants while they are training and working toward self-sufficiency.



Furthermore, the Agency is continuing a number of initiatives already underway, including development of the Niles Town Plaza, implementation of the Irvington Concept Plan, development of the Centerville Unified Site, and managing the rollout of a restructured Commercial Rehabilitation Loan program to provide greater incentives for private investment and enhance the appearance of the commercial corridors of the Historic Districts.




## Department Budgets | Housing & Redevelopment

Finally, the Agency is committed to identifying and implementing a long-term Agency funding strategy in order to continue to initiate and implement key projects in each redevelopment project area that respond to community interests, stimulate economic revitalization, and create affordable housing opportunities.

Housing & Redevelopment Historical Expenditures/Budget, by Major Service Area						
	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Non Housing Redevelopment	\$ 22,904,109	\$ 32,886,378	\$ 25,392,918	\$ 25,392,917	\$ 24,827,389	\$ 24,909,836
Affordable Housing	2,042,756	1,846,949	29,554,038	29,555,911	11,721,451	6,342,286
<b>Total Housing &amp; Redevelopment</b>	<b>\$ 24,946,865</b>	<b>\$ 34,733,327</b>	<b>\$ 54,946,956</b>	<b>\$ 54,948,828</b>	<b>\$ 36,548,840</b>	<b>\$ 31,252,122</b>

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

## Accomplishments

- Completed consultations with affected taxing entities, and finalized the preparation of major legal, financial, and environmental documents as part of Plan Amendment efforts.
  - Completed environmental clean-up of a two-acre site previously occupied by a Union Pacific Railyard for development of the new Niles Town Plaza.
  - Achieved significant progress on the Bay Street Streetscape project, including completion of construction of the public parking lot; completion of NEPA environmental clearance consistent with the requirements of the \$1.57 million supplemental grant award from the Metropolitan Transportation Commission; receipt of an additional grant of \$138,000 from the Alameda County Transportation Improvement Authority; and completion of all right-of-way acquisition work for the project.
- 
- Completed traffic calming measures and a street tree planting program on Davis Street in the Irvington area.
  - Completed a study focused on a performing arts theater concept, to analyze the Center Theater project in the context of cultural plans for the entire Fremont community.
  - Installed new curbs, gutters, sidewalks, street trees and landscaping along the south side of Hansen Avenue between Oak Street and Holly Street in the Centerville Project Area, providing better accessibility for pedestrians and enhanced drainage for the area.



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## Department Budgets | Housing & Redevelopment

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- Completed major improvements to Central Avenue in Centerville, including utility undergrounding, street widening and streetscape enhancements in the vicinity of the Central Avenue and Fremont Boulevard intersection.
- Administered over \$200,000 of federal HOME funds for the Project Independence Program to assist 15 young adults exiting the foster care system with rental subsidies.
- Approved \$12.7 million in Agency and City funding for a 98-unit affordable senior rental housing community proposed by Eden Housing for a site located on Peralta Boulevard in the Centerville Project Area.



- Approved \$3.2 million in Agency and City funding for Allied Housing for the development of a 55 to 63 unit affordable supportive housing complex on a 1.6-acre site at the Main and High Street intersection in the Irvington area.
- Executed two Master Developer Agreements with for-profit housing developers to set aside new homes at below market prices under the City's Inclusionary Housing Ordinance; screened and sold 60 below market rate units citywide.
- Assisted 25 income-eligible buyers with the purchase of their first home as part of the First Time Homebuyer Program.
- Completed three of five projects as part of the Neighborhood Home Improvement Program, which provides low interest loans and grants to homeowners to help improve residential properties in or near redevelopment project areas.

### FY 2009/10 Special Projects

1. Assess and determine options for a catalyst revitalization project in the Centerville area, taking into consideration plans for the Centerville Unified Site and the Center Theater.
2. Complete the construction of the Niles Town Plaza by fall 2009.
3. Complete construction of the Bay Street Undergrounding and Streetscape project by spring 2010.
4. Revise the City's Inclusionary Housing Ordinance in order to provide greater flexibility for developers and a source of affordable housing funding for the City, pending recent court rulings.
5. Complete the Redevelopment Agency's Plan Amendment process to extend the Agency's ability to collect tax increment revenue in order to continue revitalization work in the four redevelopment project areas.
6. Complete a feasibility study for a pedestrian crossing over the Union Pacific right-of-way that will connect the future Niles Canyon Railroad depot to the Niles Town Plaza and the Niles commercial district.
7. Design and secure funding for a pedestrian and bicycle friendly greenbelt pathway along Grimmer Boulevard from Fremont Boulevard to Paseo Padre Parkway and across to Central Park.
8. Develop an outreach program for the Irvington community to establish project priorities for Irvington area projects.



## Project Work Program

The summary appropriations for redevelopment and affordable housing for FY 2009/10 of \$24,909,836 and \$6,307,329, respectively, include appropriations for the Redevelopment Agency's work program. The Project Work Program summaries for each subcategory are included within the specific sections of this summary, and list projects for which the Redevelopment Agency is requesting new project appropriations for FY 2009/10. These are not complete lists of all previously funded Agency projects, and some previously funded projects, such as Phase 1B of the I-880/Mission Boulevard Interchange and the Washington Boulevard Grade Separation, may still be underway. The Agency Board reappropriates unused prior year budget amounts in each new fiscal year.

Due to the fact that the Agency anticipates reaching the Industrial Project Area revenue cap in FY 2011/12, many of the Agency's expenditures have been limited to completion of existing projects rather than new initiatives.

## Non-Housing

This year's Project Work Program includes \$8.1 million of new, non-housing project appropriations. The Agency does not anticipate any new appropriations for regional transportation projects and intends to invest the entire amount of new FY 2009/10 non-housing appropriations in the historic project areas of Centerville, Irvington, and Niles.

## Housing

The Housing portion of the Project Work Program includes expenditures for affordable housing that are funded in part by \$16.5 million in housing bonds issued by the Agency in June 2003.

Project Name	FY 2008/09 Appropriations	Estimated Actual 6/30/2009	Adopted FY 2009/10 Appropriations
(dollars in thousands)			
Apartment Acquisition and Rehabilitation	\$ 200	\$ 200	\$ 200
First Time Home Buyer Program	1,000	1,000	1,000
Neighborhood Home Improvement Program	400	400	250
Preservation of Affordable Housing	300	100	100
Implementation of Inclusionary Housing Ordinance	0	200	200
New Construction of Affordable Housing	4,000	10,801	2,500
Opportunity Fund/Contingency	500	500	1,000
<b>TOTAL</b>	<b>\$6,400</b>	<b>\$13,201</b>	<b>\$5,250</b>

## Department Budgets | Housing & Redevelopment

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This year's Project Work Program includes \$5.3 million of new housing appropriations. Of this, \$1.75 million will be committed to various ongoing programs and projects, including the First Time Homebuyer Program, the Neighborhood Home Improvement Program, and the Apartment Acquisition and Rehabilitation Program, as well as funding for preservation of existing affordable housing. The remaining \$3.5 million will be set aside for creation of new affordable housing development projects.

### **Redevelopment Agency Project Highlights**

The Agency's established order of funding priorities is debt service, affordable housing, completion of regional transportation projects, and strategic investments in the historic districts. The proposed Project Work Program was developed in alignment with the Agency's adopted Five-Year Implementation Program for the period of July 1, 2008 - June 30, 2013. The Five-Year Implementation Program calls for investments in programs that attract new businesses and support performance of existing businesses in the project areas, enhance the appearance and function of private properties in project areas, invest in public infrastructure, and eliminate blight. A brief summary of the Work Program highlights follows.

#### ***Regional Transportation***

Although no new appropriations are included for the Washington Grade Separation project, this project remains a focus for the Agency and the City as the largest public works project in the City's history. Construction of the Washington Grade Separation project commenced in May 2007, and is well underway, with completion anticipated by fall 2009, a year ahead of schedule. This project will facilitate traffic flow through the Irvington Redevelopment Area currently impeded by train passage, facilitate the extension of BART to Warm Springs and San Jose, and support the revitalization of the commercial and retail in the Irvington district.

#### ***Strategic Investments in the Historic Districts***

##### **Centerville**

The primary focus in the Centerville Area in recent years has been the assembly of the six-acre Centerville Unified Site as a public/private partnership development that will focus on creating a mix of uses and architectural design consistent with the character of Centerville. The Agency has appropriated nearly \$16.9 million to assemble, remediate, and pay for public improvements associated with the site. Over the course of FY 2009/10, the Agency will continue its focus on this project by negotiating a disposition and development agreement with the developer, recommending a development plan to the Agency Board, and commencing the entitlement process for the new development.



## Department Budgets | Housing & Redevelopment

Project Name	FY 2008/09 Appropriations	Estimated Actual 6/30/2009	Adopted FY 2009/10 Appropriations
(dollars in thousands)			
Joseph St. Street and Sidewalk Improvements	\$800	\$478	\$1,100
Peralta Blvd Utility Undergrounding	-	-	730
<b>TOTAL</b>	<b>\$800</b>	<b>\$478</b>	<b>\$1,830</b>

New appropriations in the Centerville Area include \$1,830,000 for a variety of enhancements, such as streetscape improvements and utility undergrounding.

### **Irvington**

New appropriations in the Irvington Area for FY 2009/10 are \$974,000. The Bay Street Streetscape and Parking Project is one of the cornerstones of Irvington's revitalization. Utility undergrounding and streetscape improvements are slated to be completed in FY 2009/10. This project will transform a three-block stretch of Bay Street into a revitalized commercial and residential mixed use area and encourage investment in and around the Five Corners area. An additional \$644,000 is included for new FY 2009/10 appropriations to finish the project. The Grimmer Greenbelt Gateway project contemplates creating a meandering landscaped pedestrian and bicycle path from Fremont Boulevard across Paseo Padre Parkway to Central Park. An additional appropriation of \$330,000 will allow the development of the preliminary design, cost estimates, and a construction phasing plan.

Project Name	FY 2008/09 Appropriations	Estimated Actual 6/30/2009	Adopted FY 2009/10 Appropriations
(dollars in thousands)			
Bay Street Streetscape and Public Parking	\$5,219	\$3,511	\$644
Greenbelt Gateway along Grimmer Boulevard	300	33	330
<b>TOTAL</b>	<b>\$5,519</b>	<b>\$3,544</b>	<b>\$974</b>

### **Niles**

The Niles Town Plaza (the former Union Pacific (UP) property), remains the focal point of redevelopment efforts in the Niles Project Area. In the last year, the two historic buildings have been relocated to their permanent locations. The freight building has undergone a complete rehabilitation consistent with historic standards, the passenger depot renovations are currently underway, and construction of the plaza hardscape and softscape has commenced. With a new appropriation of \$700,000 in FY 2009/10, all work on the plaza is scheduled to be completed by fall 2009.

## Department Budgets | Housing & Redevelopment

The single largest appropriation of \$3.5 million in FY 2009/10 in the Niles area is allocated to the redevelopment of Union Pacific Phase 2. Specifically, this funding is for the acquisition of two City-owned parking lots, remediation and studying of future development potential. Staff also will initiate a community participation process concerning Phase 2 redevelopment plans for the remainder of the former Union Pacific property and city-owned parking lots adjacent to the proposed Niles Town Plaza. The Niles Canyon Railway Pedestrian Crossing project includes a new appropriation of \$500,000 for FY 2009/10, in order to identify three crossing alternatives, assess feasibility, and prepare cost estimates for the area between the Niles Canyon Railway platform and the Niles historic commercial core. The remaining \$264,000 in new appropriations includes funding for the design of streetscape improvements along H Street and roadway improvements along Niles Boulevard.

Project Name	FY 2008/09 Appropriations	Estimated Actual 6/30/2009	Adopted FY 2009/10 Appropriations
(dollars in thousands)			
Niles Town Plaza Site Design, Development and Construction	\$ 7,471	\$4,609	\$ 700
Phase 2: UP Site Redevelopment	750	1	3,500
Niles Canyon Railway Pedestrian Bridge: Options and Design	450	259	500
Streetscape Improvements: H Street	200	-	150
Quarry Lakes/Niles Beach	4,075	4,065	60
Niles Boulevard Roadway Improvements	250	0	44
Niles Historic Alleys	50	11	10
<b>TOTAL</b>	<b>\$13,246</b>	<b>\$8,945</b>	<b>\$4,964</b>

### *All Redevelopment Area Historic Districts*

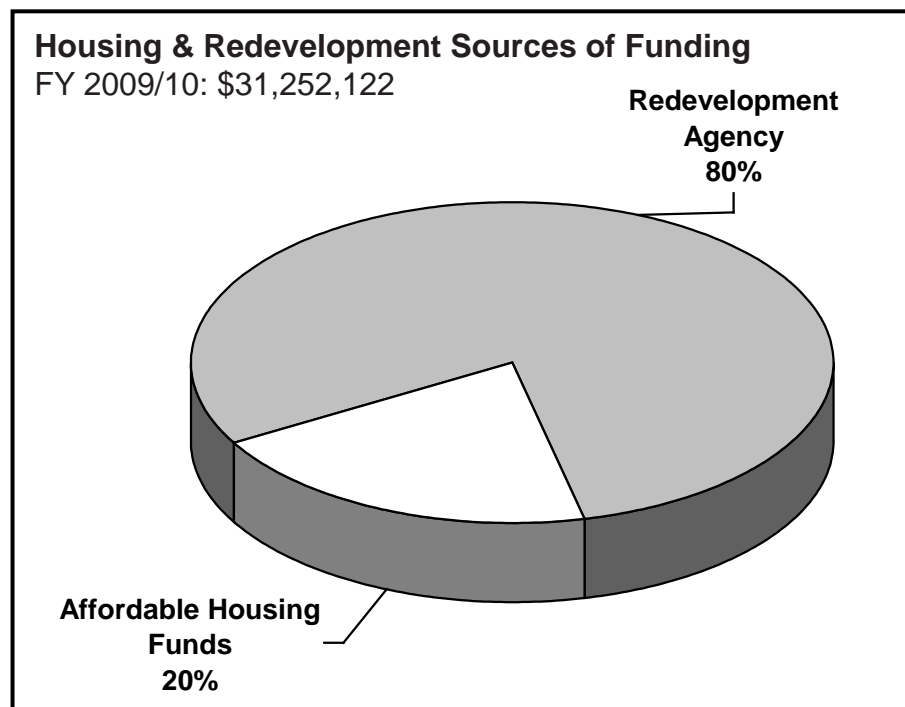
A new appropriation of \$300,000 for FY 2009/10 that covers all redevelopment project areas is included to continue funding activities on the Plan Amendment to raise the Industrial Project Area revenue cap.

Project Name	FY 2008/09 Appropriations	Estimated Actual 6/30/2009	Adopted FY 2009/10 Appropriations
(dollars in thousands)			
Plan Amendment	\$1,000	\$955	\$300
<b>TOTAL</b>	<b>\$1,000</b>	<b>\$955</b>	<b>\$300</b>



**Funding Sources and Resource Uses**

Redevelopment programs and projects do not use General Fund resources. The Agency receives funding from its share of property taxes on the incremental increases in assessed valuation of properties located within the boundaries of the redevelopment project areas. Under the California Redevelopment Law, 20 percent of the tax increment revenues must be set-aside in a separate fund for affordable housing development. The Agency also receives grant funds from Alameda County (HOME funds), the State (HELP Loan & Workforce Housing Grant) and federal sources (Community Development Block Grant) to supplement its emphasis on enhancing affordable housing opportunities in the project areas. The pie chart below shows the relative funding of general redevelopment activities as contrasted with affordable housing funds.





## Department Budgets | Housing & Redevelopment

### Housing & Redevelopment Historical Expenditures/Budget, by Category

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Salaries & Benefits	\$ 1,706,000	\$ 1,617,200	\$ 2,039,700	\$ 2,039,700	\$ 2,038,299	\$ 1,956,523
Operating Expenditures	9,123,304	11,175,222	10,481,753	52,422,098	10,064,713	10,617,088
Capital Expenditures	13,731,754	21,529,256	41,940,345	-	23,958,798	18,241,041
Indirect Expense Allocation**	385,807	411,649	485,158	487,030	487,030	437,470
<b>Totals</b>	<b>\$ 24,946,865</b>	<b>\$ 34,733,327</b>	<b>\$ 54,946,956</b>	<b>\$ 54,948,828</b>	<b>\$ 36,548,840</b>	<b>\$ 31,252,122</b>

% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget -14.5%

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

\*\* Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

### Major Changes for FY 2009/10 and Impact of Reductions

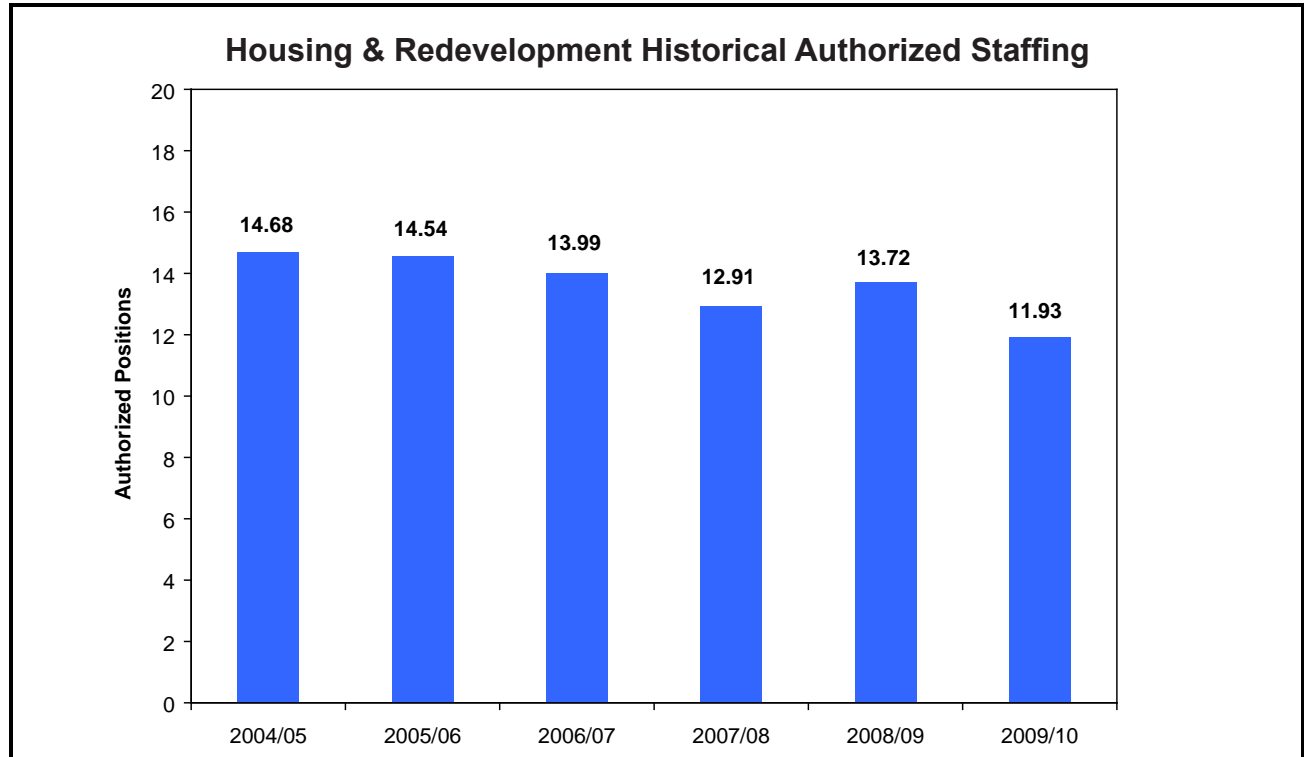
The FY 2009/10 Housing and Redevelopment proposed budget is \$5,296,718 (or 14.5%) less than the FY 2008/09 adopted budget. The number of authorized positions is being reduced from 13.725 to 11.925. (A detailed list of citywide position changes can be found on pages 30-31.)

Salaries and benefits have decreased by 4.0% compared to FY 2008/09 with the elimination of two positions, as well as revising staff charges to and from various other City departments that support the Agency.

Operating and capital expenditures are decreasing by 15.2% compared to FY 2008/09, due to the Agency's focus on completing existing projects rather than new initiatives and a reduction in contractual services to fund only specific high priority projects. The majority of expenditures still to be incurred for all project categories will occur after FY 2009/10.

The indirect expense allocation is decreasing by 10.2% as a result of decreases in department wide expenditures.

The impact to services provided directly to the community will not be significant; however, some project work may experience delays.



Staffing by Function FY 2009/10  
11.925 Permanent Full-Time Equivalents

### Housing and Redevelopment

#### Redevelopment

City Manager	0.25
City Attorney	0.25
Community Development Director	0.25
Finance Director	0.10
Deputy City Manager	0.25
Economic Development Director	0.225
Redevelopment Agency Director	1.00
Community Dev Special Project Manager	0.375
Redevelopment & Housing Project Manager	2.00
Economic Development Manager	0.10
Business Manager	0.75
Executive Assistant	0.75
Accounting Specialist II	0.50

#### Affordable Housing

Community Dev Special Project Manager	0.125
Redevelopment & Housing Project Manager	2.00
Business Manager	0.25
Housing Counselor	1.00
Executive Assistant	0.25
Senior Office Specialist	1.00
Accounting Specialist II	0.50

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## Human Services

### Mission:

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**H**uman Services works to support a vibrant community through services that empower individuals, strengthen families, encourage self-sufficiency, enhance neighborhoods, and foster a high quality of life.

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### Description of Responsibilities and Services

Fremont's Human Services Department is nationally and internationally recognized for its innovative and effective programs. The department offers services designed to help families become or remain self-sufficient. Human Services oversees the Fremont Family Resource Center (FRC), a partnership that co-locates more than 27 organizations (State, County, City, and nonprofit) for one-stop service access. The Center offers free drop-in child care for users of FRC services. The FRC is host to the Volunteer Income Tax Assistance (VITA) program, as part of the Alameda County Earn It! Keep It! Save It! Campaign, and annually helps over 1,000 low-income families prepare tax returns and receive refunds. The FRC also provides financial literacy services for low-income families, credit repair counseling, access to matched savings accounts and integrated service coordination and family support for those facing multiple barriers to self-sufficiency.



The department's Youth and Family Services (YFS) Division provides counseling services to improve family relationships during times of stress or crisis, with special emphasis on early delinquency intervention and prevention, school problems and truancy, and specialized mental health services for families with children less than five years of age. Activities include a variety of parent workshops, including Parent Project. School-based services include individual and group counseling for students at the continuation high school and more than half of the elementary schools in Fremont. YFS also coordinates with the Police Department and Fremont Unified School District (FUSD), as well as other service providers, to reduce violence and gang-related problems on school campuses.

The department is a national leader in municipal senior programs. The department is committed to meeting the needs of a growing senior population and provides a continuum of services to help elders remain independent, safe, and in their own homes. In 2008, the Fremont City Council adopted a goal to create an aging-friendly community that is safe and welcoming. To that end, the Human Services Department is working to promote an environment which values senior participation, a place where information and services are easily available for all seniors, where seniors can be mobile and actively

## Department Budgets | Human Services

involved, where meaningful exchanges between cultures and generations exist, and where people come together in support of one another regardless of age.

Services for well seniors include a meal program, adult education, and health screening at the Senior Center. For frail seniors, the department offers personalized service coordination including home visits, senior peer counseling, support services for caregivers, and extensive local paratransit services. In partnership with the Tri-City Elder Coalition, the department has developed Pathways to Positive Aging, a community-driven initiative to strengthen the service network for seniors. It also launched the Community Ambassador Program, which increases ethnic and faith-based communities' access to services. Both programs are funded by the Robert Wood Johnson Foundation.

The department administers the City's social service grant and federal Community Development Block Grant (CDBG) funds, and provides technical assistance to agencies receiving grants. It is also staff to the Human Relations Commission, Senior Citizens Commission, Paratransit Advisory Committee, and the Community Development Block Grant Citizens Advisory Committee.

Ongoing services include exploring new opportunities to support youth, family, and senior programs with non-city revenue sources, including expansion of County Early Periodic Screening Diagnosis and Treatment (EPSDT) funding, and maintenance of senior and disabled adult transportation trips using Measure B funds. Another new source of funding is Medi-Cal Administrative Activities (MAA) funding, which generates additional revenue for administrative functions like planning and outreach. The department will continue to use internship programs to serve additional families; collaborate with Abode Services and other partners to operate the Homeless Outreach for People Empowerment (HOPE) project; provide family focused services to juvenile offenders; and offer mental health consultations for the FRC Discovery Cove program to enhance infant and toddler care. In addition, the department collaborates with the CalSafe teen parent program to assure teen parents have access to mental health services offered through the department's innovative infant-toddler program.

<b>Human Services</b>						
<b>Historical Expenditures/Budget, by Major Service Area</b>						
	<b>2006/07 Actual</b>	<b>2007/08 Actual</b>	<b>2008/09 Estimated Actual</b>	<b>2008/09* Adjusted Budget</b>	<b>2008/09 Adopted Budget</b>	<b>2009/10 Adopted Budget</b>
Family Resource Center	\$ 2,247,787	\$ 2,039,316	\$ 1,778,960	\$ 2,238,609	\$ 2,425,722	\$ 2,277,594
Youth and Family Services	1,589,899	1,761,256	2,051,809	2,113,278	2,022,862	2,161,513
Aging and Family Services	2,095,008	2,727,129	2,984,895	3,545,746	3,192,582	3,110,704
CDBG/HOME/SHP	2,931,429	2,443,885	2,980,481	3,944,418	3,752,873	2,906,159
Paratransit	875,835	840,441	869,943	917,452	917,452	815,522
Administration	1,560,497	1,374,063	1,369,273	1,411,877	1,394,584	1,292,317
Social Services Grants	473,333	550,823	513,662	513,662	491,960	513,598
<b>Total Human Services</b>	<b>\$ 11,773,788</b>	<b>\$ 11,736,913</b>	<b>\$ 12,549,023</b>	<b>\$ 14,685,042</b>	<b>\$ 14,198,035</b>	<b>\$ 13,077,407</b>

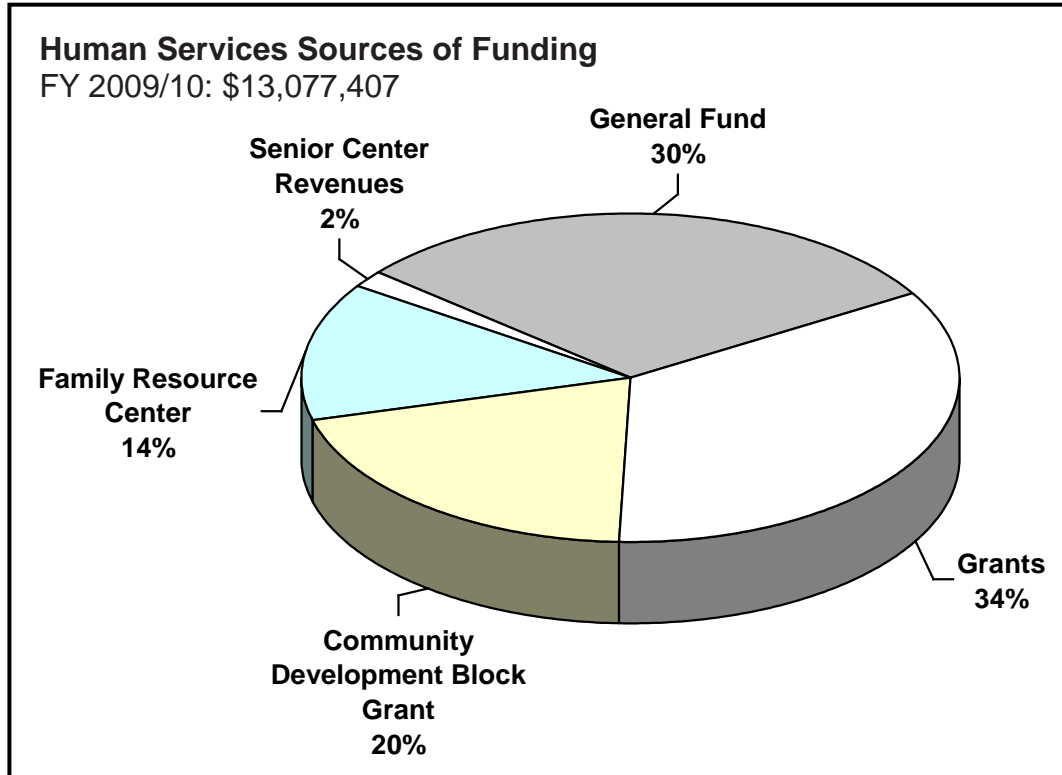
\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

## Accomplishments

- Served over 1,200 families as part of the Earn It! Keep It! Save It! Volunteer Income Tax Assistance (VITA) Program.
- Trained a second group of Community Ambassadors as part of an effort to serve seniors in their own languages and in their own communities.

## FY 2009/10 Special Projects

1. Work with Alameda County agencies to implement the recommendations of the Goldman School of Public Policy (GSSP) team, to support the healthy development of infants and toddlers through standardized screening, assessment, and early intervention with children ages 0-6 and their families.
2. Continue to collaborate with Fremont Unified School District and Alameda County Health Care Services Agency on the Fremont Adolescent Student Health Initiative (FASHI) to increase school-linked health care services with access to more health education and mental health services.



## Department Budgets | Human Services

Human Services Historical Expenditures/Budget, by Category						
	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Salaries & Benefits	\$ 5,412,381	\$ 5,939,684	\$ 6,345,308	\$ 6,808,282	\$ 6,756,758	\$ 6,848,224
Operating & Capital Expenditures	5,774,767	5,054,897	5,378,101	6,801,989	6,366,506	5,446,320
Capital Expenditures	66,734	38,746	113,725	362,882	362,882	58,500
Indirect Expense Allocation**	519,906	703,586	711,889	711,889	711,889	724,363
<b>Totals</b>	<b>\$ 11,773,788</b>	<b>\$ 11,736,913</b>	<b>\$ 12,549,023</b>	<b>\$ 14,685,042</b>	<b>\$ 14,198,035</b>	<b>\$ 13,077,407</b>
% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget						-7.9%
* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.						
** Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.						

### Major Changes for FY 2009/10 and Impact of Reductions

The FY 2009/10 Human Services budget is \$1,120,628 (or 7.9%) less than the FY 2008/09 adopted budget. The number of authorized positions is being reduced by one, from 52.8 to 51.8. (A detailed list of citywide position changes can be found in pages 30-31.)

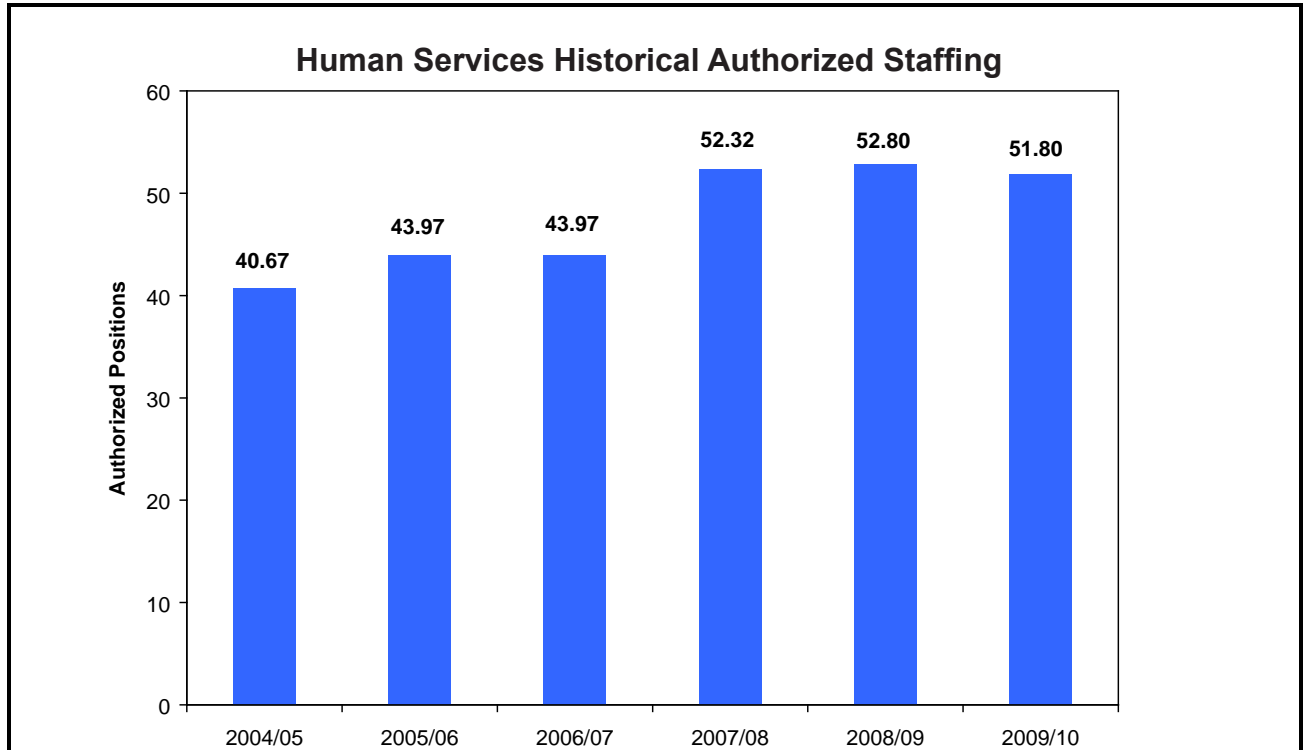
Salaries and benefits are increasing as a result of new part-time program staff that are supported by new grant funding sources.

Operating and capital expenditures are decreasing by 18.2% compared to FY 2008/09 due to decreases in some contract services, as well as transfer of HOME grant expenditures (and related funding) to the Housing and Redevelopment Agency.

The indirect expense allocation is increasing by 1.8% due to typical annual increases in retiree medical benefits.

Impacts of budget reductions will primarily result from transferring contractual services for database-related work to in-house Information Technology Services (ITS) staff rather than using outside consultants. This will mean an increased workload for ITS staff and may result in delays in ITS services to other departments.





## Department Budgets | Human Services

Staffing by Function FY 2009/10

51.80 Permanent Full-Time Equivalents

### Human Services

Human Services Director	1.00
Deputy Human Services Director	1.00
Executive Assistant	1.00
Office Specialist II	1.00

#### Youth and Family Services

Family Services Administrator	1.00
Clinical Supervisor	2.00
Senior Program Coordinator	1.00
Counselor	8.45
Administrative Assistant	1.00
Senior Accounting Specialist	1.00
<i>Counseling Interns*</i>	

#### Family Resource Center

Family Services Administrator	1.00
Case Manager	2.60
Clinical Supervisor	1.00
Senior Office Specialist	1.00
Program Coordinator	2.00
Counselor	1.00
<i>Public Service Assistant*</i>	

#### CDBG Services

CDBG Administrator	1.00
Management Analyst II	1.00
Senior Office Specialist	1.00

#### Senior Services

Family Services Administrator	1.00
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#### Senior Supportive Services

Clinical Supervisor	2.00
Case Manager	6.05
Senior Program Coordinator	1.80
Counselor	2.10
Administrative Assistant	1.00
Senior Office Specialist	1.00
<i>Outreach Workers*</i>	

#### Paratransit

Management Analyst II	1.00
Senior Office Specialist	1.00
<i>Outreach Workers*</i>	

#### Senior Center

Senior Center Manager	1.00
Program Coordinator	1.00
Chef/Food Services Manager	1.00
Assistant Chef	0.80
Senior Office Specialist	1.00
<i>Public Service Assistants*</i>	

*\*Temporary positions not counted in full-time equivalents*

## Parks and Recreation

### Mission:

To ensure the citizens of Fremont receive excellent customer services through its management of recreation facilities, the provision of quality recreation programs, park planning, and maintenance of City parks.

### Description of Responsibilities and Services



The Parks and Recreation Department provides leisure activities and facilities that enhance the lives of residents and visitors. The department manages public use of recreation facilities, and plans, maintains, and oversees the City's park system. It carries out capital and park planning and development projects, implements the Parks and Recreation Master Plan, and maintains the City's parks. The recreation activities, carried out primarily through the Recreation Enterprise Operation, include performing and visual arts, academic enrichment, sports, teen and early childhood development programs, park visitors' services, as well as management of the community centers, special facilities, and historic sites. Staff provides support to the Recreation Commission and other boards and commissions that advise the City Council.

**Parks and Recreation**  
Historical Expenditures/Budget, by Major Service Area

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Recreation	\$ 6,220,326	\$ 6,853,564	\$ 8,162,848	\$ 8,299,969	\$ 8,278,772	\$ 8,040,684
Park Maintenance	5,072,050	5,350,694	5,086,290	5,159,333	5,123,212	4,710,445
<b>Total Parks &amp; Recreation</b>	<b>\$ 11,292,376</b>	<b>\$ 12,204,258</b>	<b>\$ 13,249,138</b>	<b>\$ 13,459,302</b>	<b>\$ 13,401,984</b>	<b>\$ 12,751,129</b>

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

### Accomplishments

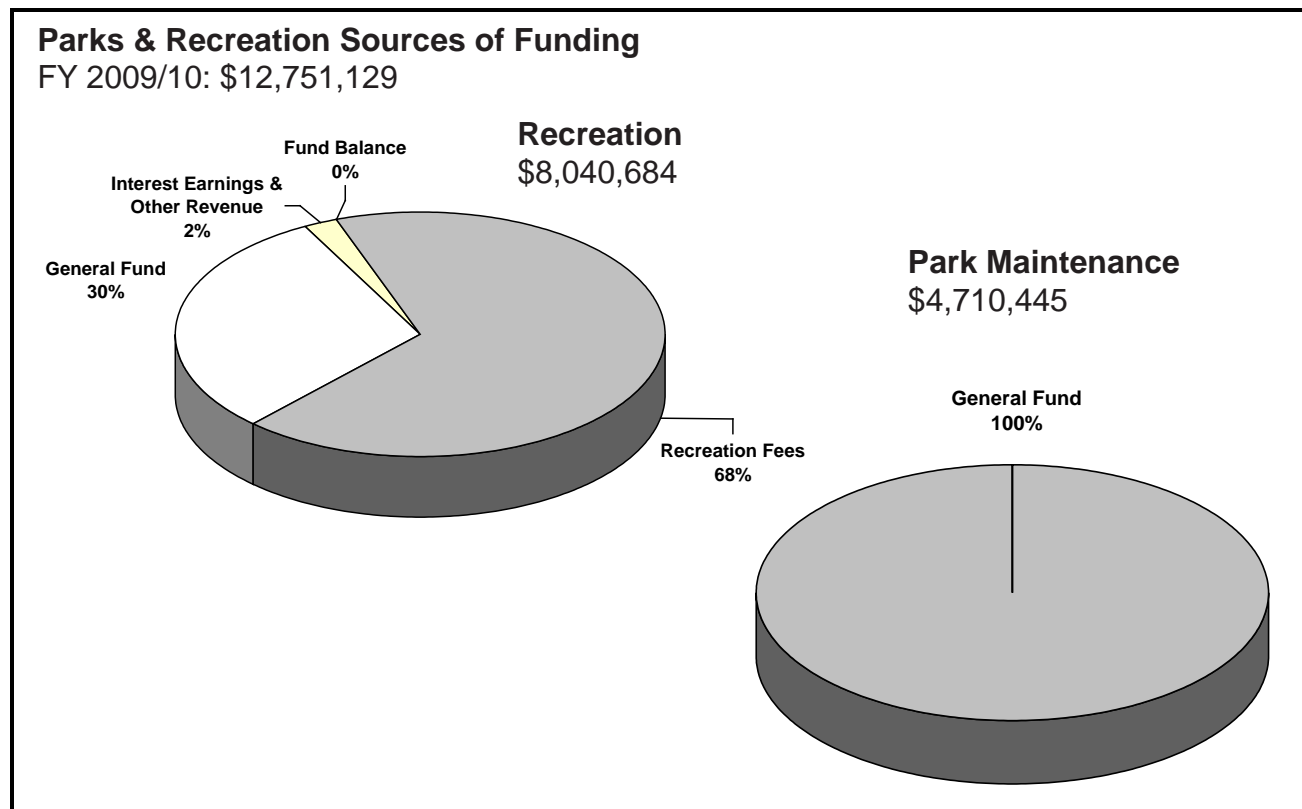
- Completed construction of the Aqua Adventure Waterpark in Central Park, which opened to the public in May 2009.
- Designed six playgrounds to comply with current playground safety standards.
- Retrofitted three existing playgrounds (Plomosa, Northgate Community Park, and Northgate Trail Park) to comply with current playground safety standards.

## Department Budgets | Parks & Recreation

- Completed the design of the “Always Dream Playground” to provide a play site accessible to all children, regardless of their physical limitations.
- Acquired a fourteen-acre parcel at the end of Antelope Hills Trail (Sabercat Creek) for park land purposes with the added benefit of preserving a historically significant fossil field.
- Increased Summer Camp registration by 14% in summer of 2008 compared to 2007 as a result of increased promotion and expanded programming.

### FY 2009/10 Special Projects

1. Complete first season of the operation of “Aqua Adventure” in Central Park, which is expected to attract over 100,000 people. The novelty of the park combined with the public demand for a family water play facility will be a catalyst for growth in programming and facility use throughout Central Park.
2. Replace six playgrounds to comply with current playground safety standards within the next year.
3. Construct Basketball Courts and a new Dog Park with artificial “doggie turf” in Central Park.
4. Continue conversion of high maintenance small turf strips to low maintenance materials to reduce ongoing maintenance costs.



**Parks & Recreation  
Historical Expenditures/Budget, by Category**

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Salaries & Benefits	\$ 6,924,727	\$ 7,497,996	\$ 8,182,814	\$ 8,328,958	\$ 8,295,138	\$ 7,717,464
Operating Expenditures	2,383,704	2,489,781	2,906,917	2,953,675	2,931,777	2,951,626
Capital Expenditures	50,244	22,128	27,439	45,600	44,000	8,000
Indirect Expense Allocation**	1,933,701	2,194,353	2,131,968	2,131,069	2,131,069	2,074,039
<b>Totals</b>	<b>\$ 11,292,376</b>	<b>\$ 12,204,258</b>	<b>\$ 13,249,138</b>	<b>\$ 13,459,302</b>	<b>\$ 13,401,984</b>	<b>\$ 12,751,129</b>

% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget -4.9%

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

\*\* Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

## Major Changes for FY 2009/10 and Impact of Reductions

The FY 2009/10 Parks and Recreation proposed budget is \$650,855 (or 4.9%) less than the FY 2008/09 adopted budget. The number of authorized positions is being reduced from 69.35 to 61.85 due to elimination of 5.0 FTE positions in the Parks Maintenance Division, and 2.5 FTE positions in the Recreation Division. (A detailed list of citywide position changes can be found on pages 30-31.)

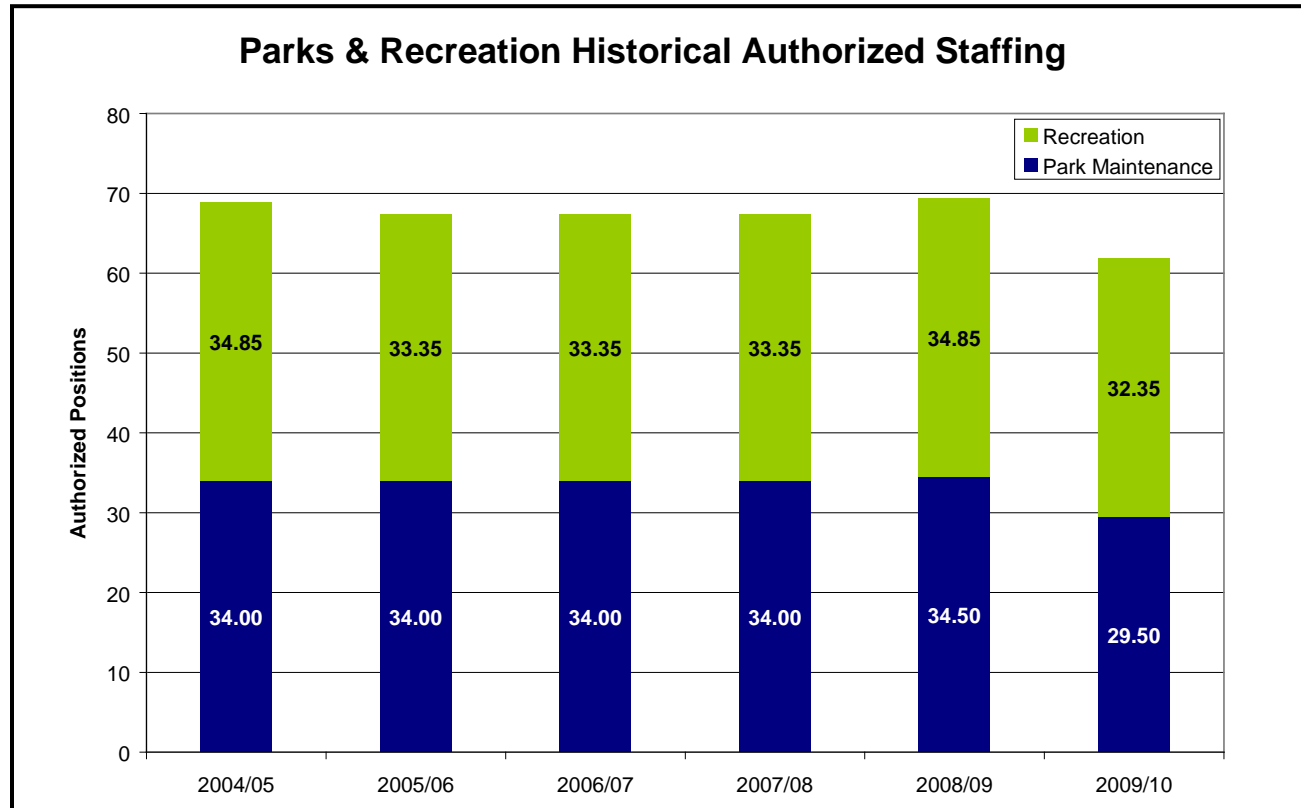
Salaries and benefits will decrease by 7.0% as a result of the noted 7.5 FTE position eliminations.

Operating and capital expenditures are decreasing by less than 1% due to reductions in supplies and materials related to the staffing reductions.

The indirect expense allocation will decrease by 2.7% related to the decreases in overall expenditures department wide.

Park Maintenance reductions will directly impact the community in a variety of ways. Specifically, maintenance at Central Park will be greatly reduced, the temporary skate park will not open, lawn edging and leaf blowing cycles will be extended, and trash and litter pick-up schedules will be reduced, which may result in overflowing trash cans and increased citizen complaints. Park equipment repairs will be less timely, and irrigation maintenance will only be conducted when actual breaks occur, rather than proactively, which may result in increased water usage and loss of plant material.

The Recreation Division reductions will result in elimination of scholarships to 139 low income families for the summer playground program. Staff eliminations may result in delays in project work completion.



Staffing by Function FY 2009/10

61.85 Permanent Full-Time Equivalents

## Parks & Recreation

Parks & Recreation Director	1.00
Executive Assistant	1.00

### Park Maintenance

Park Superintendent	1.00
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#### Central Park

Park Field Supervisor	1.00
Park Maintenance Worker II	2.00
Park Maintenance Worker I	5.00

#### North End Parks

Park Field Supervisor	1.00
Park Maintenance Worker II	2.00
Park Maintenance Worker I	3.00

#### South End Parks

Park Field Supervisor	1.00
Park Maintenance Worker II	3.00
Park Maintenance Worker I	4.00

#### Construction/Irrigation

Park Field Supervisor	1.00
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#### Construction

Park Maintenance Worker II	1.00
Park Maintenance Worker I	2.00

#### Irrigation

Park Maintenance Worker II	1.00
Park Maintenance Worker I	1.00

### Recreation

#### Administrative & Support Services

Recreation Superintendent II	3.00
Water Park Manager	1.00
Management Analyst II	1.00
Accounting Specialist II	0.50
Office Specialist II	1.75

#### Park Visitor Services

Recreation Supervisor II	1.00
Park Ranger	4.75
Office Specialist II	1.00

#### Recreation Services

Water Park Operations Mgr	1.00
Recreation Supervisor II	5.00
Recreation Supervisor I	5.00
Tennis Operations Supervisor	1.00
Facility & Supply Worker	1.00
Office Specialist II	1.25
Tiny Tot Specialist	2.60

*Program Staff - approx. 340\**

\*Temporary positions not counted in full-time equivalents.



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## Police

### Mission:

**P**ublic safety through professional law enforcement.

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### Description of Responsibilities and Services

The Police Department is responsible for the safeguarding of citizens' lives and property, the preservation of constitutional rights, and neighborhood problem solving. In FY 2009/10, the Police Department will continue to have a heightened emphasis on violent crimes and burglaries. The major work units—Community Policing Patrol Team, Traffic Unit, Investigative Services, and Animal Services—are charged with carrying out the department's core responsibilities.



The Community Policing Patrol Team has a key role as first responders to calls for police assistance. The division strives to maintain order, apprehend suspected law violators, and seek long-term solutions to some of the problems and issues important to the community. The Traffic Unit investigates serious collisions and, when time permits, enforces the vehicle code in an effort to proactively control violations that result in collisions. Investigative Services has the primary responsibility for investigations involving felony crimes, such as homicides, robberies, sex crimes, child abuse, kidnappings, some burglaries, assaults, and other criminal offenses. The unit actively investigates these crimes and coordinates resources involving in-depth, multi-jurisdictional investigations. The Tri-City Animal Shelter is located in Fremont and, through agreements with Newark, Union City, and San Leandro, provides limited, high-quality services to animals and to the community. The Animal Shelter is responsible for animal-related calls for service, adoption outreach and support, a spay/neuter clinic, pet licensing, and rabies control.

The Police Department's core services are supported by several other work units, including the Office of the Chief of Police, the Office of Professional Standards, which includes Press Information, Business Services, the Police Communications Center, Forensic Services, the Property and Evidence Unit, the Records Unit, the Police Personnel and Training Unit, the Fremont Detention Facility, Information Technology, and the Community Engagement Unit, which is charged with maintaining Neighborhood Watch and Business Watch crime prevention efforts.

Members of the Fremont Police Department actively participate in a limited number of regional task force groups, including the Joint Federal Terrorism Task Force, Southern Alameda County Narcotics Enforcement Team (SACNET), and the Gang Violence Suppression Task Force.

## Department Budgets | Police

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The Crime Analysis Unit is responsible for the research and analysis of criminal activity in order to provide recommendations for responses to or for the prevention of crime within the City. The unit is also responsible for preparing technical and analytical reports regarding crime trends in order to identify potential hotspots and provide recommendations for staffing allocation.

Ongoing departmental objectives include prioritizing and providing services at the highest level possible with available resources, continuing planning for radio replacement needs to work towards interoperability with local, State, and federal agencies, as well as researching and updating technology to maximize organizational performance and enhance proactive law enforcement.

On an annual basis, the department continues to employ innovative recruitment and retention strategies to ensure future service continuity, as well as holding ongoing staff development and leadership training to prepare staff for future advancement opportunities.

Finally, the department is committed to continuing development of contingency plans and identifying regional resources to ensure operational integrity, including appropriate responses to terrorist events or natural disasters, along with strengthening the community network.

### Accomplishments

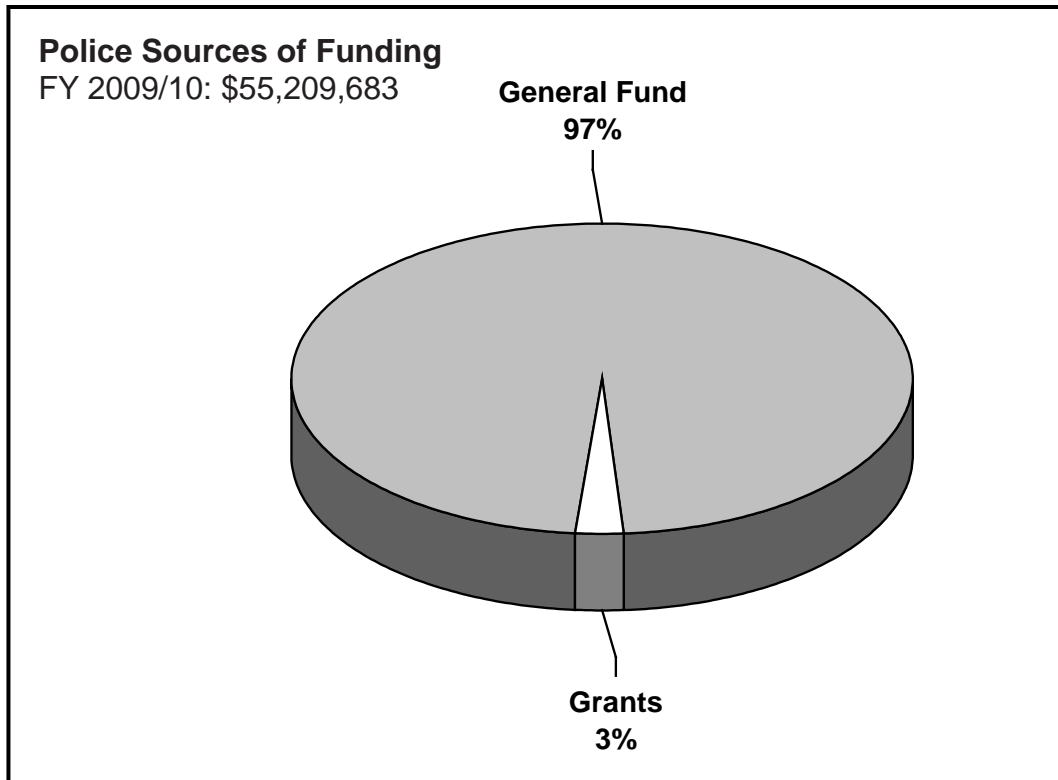
- Increased cat adoption by 73% in 2008 compared to 2007 as a result of the “Free to a Good Home” project, which resulted in a cost saving of \$2,680.
- Enhanced outreach and community service with the utilization of CARE volunteer program members to provide “Online Reporting” follow up for auto burglary reports taken online.
- Successfully converted the Crime Lab’s photography system to digital, which resulted in significant cost savings, enhanced evidence processing and storage, and provided lab personnel with a state of the art program for fingerprint analysis.
- Implemented the Crime Free Program, which is a coalition of police, property managers, and residents of rental properties working together to keep crime out of their respective properties. As part of this program, the department hosted three training classes and trained 98 people. Currently, 60 properties with 8,192 rental units are part of the Crime Free Program. In addition, 40 Crime Prevention Through Environment Design (CPTED) inspections were conducted and 12 properties have been fully certified.



- Completed the in-car camera project and outfitted the patrol fleet with in-car audio/video recording equipment, which includes two video cameras (front/rear seat), a portable audio transmitter worn by the officer, and two additional audio channels.
- Hosted the first ever Bay Area Crime Free conference, which included representatives from 34 Bay Area agencies and several apartment communities. As a direct result of these efforts, San Leandro, Hayward, and Dublin have started Crime Free Programs.
- Reduced the number of street crimes as a result of full time operation of a Street Crime Unit as of January 2007.

### **FY 2009/10 Special Projects**

1. Focus on operational strategies intended to reduce the frequency of robberies involving weapons and physical force.
2. Complete construction of the police indoor firing range and multi-purpose room using the voter-approved Public Safety Bond proceeds by January 2010.
3. Continue the “Crime Free Program” in conjunction with other City departments to provide an increased level of safety to rental residents through partnership with local government.
4. Continue to offer the Animal Shelter’s “Free to a Good Home,” and the Low Cost Spay/Neuter programs to promote pet adoption.
5. Develop the “Animal Shelter Teen Volunteer” program to provide an opportunity for teens in the community to perform public service through the FUSD volunteer program.
6. Work cooperatively with the State Parole Board to establish greater capacity to gather, collate, and utilize criminal offender information specifically addressing potential future problems associated with the pending large scale release of prison inmates.
7. Continue efforts to bridge the service delivery gap with the Community Engagement Unit and CARE team, using volunteers to supplement outreach and education components that strengthen the community.
8. Expand the in-car camera project to the Traffic Division motorcycles by September 2009.
9. Conduct a study to determine the best methodology for delivery of field patrol services with limited staffing in order to implement this fiscal year.



**Police**  
**Historical Expenditures/Budget, by Category**

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Salaries & Benefits	\$ 41,154,098	\$ 44,129,800	\$ 46,535,766	\$ 48,091,605	\$ 47,975,425	\$ 45,555,825
Operating Expenditures	3,353,139	3,533,867	3,518,042	2,986,463	2,944,923	2,933,633
Capital Expenditures	560,847	-	221,484	197,466	166,000	487,040
Indirect Expense Allocation**	5,376,240	5,846,314	6,175,133	6,175,133	6,175,133	6,233,185
<b>Totals</b>	<b>\$ 50,444,324</b>	<b>\$ 53,509,981</b>	<b>\$ 56,450,425</b>	<b>\$ 57,450,667</b>	<b>\$ 57,261,481</b>	<b>\$ 55,209,683</b>

% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget -3.6%

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

\*\* Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

## **Major Changes for FY 2009/10 and Impact of Reductions**

The Police Department FY 2009/10 proposed budget is \$55,209,683, which is \$2,051,798 or (3.6%), less than FY 2008/09 adopted budget. The number of authorized positions is being reduced from 302 to 287. This includes 11.0 sworn positions and 4.0 non-sworn positions. (A detailed list of citywide position changes can be found on pages 30-31.)

Although ten Police Officer positions will be eliminated, eight of these may be funded in the future contingent upon award of the additional federal COPS grant funding requested under the federal economic stimulus plan. These eight positions are not represented in the staffing charts; however, they will be added back into the budget if the City's application is approved.

Salaries and benefits are decreasing by 5.0% due to the elimination of 15 permanent positions and 13 temporary positions.

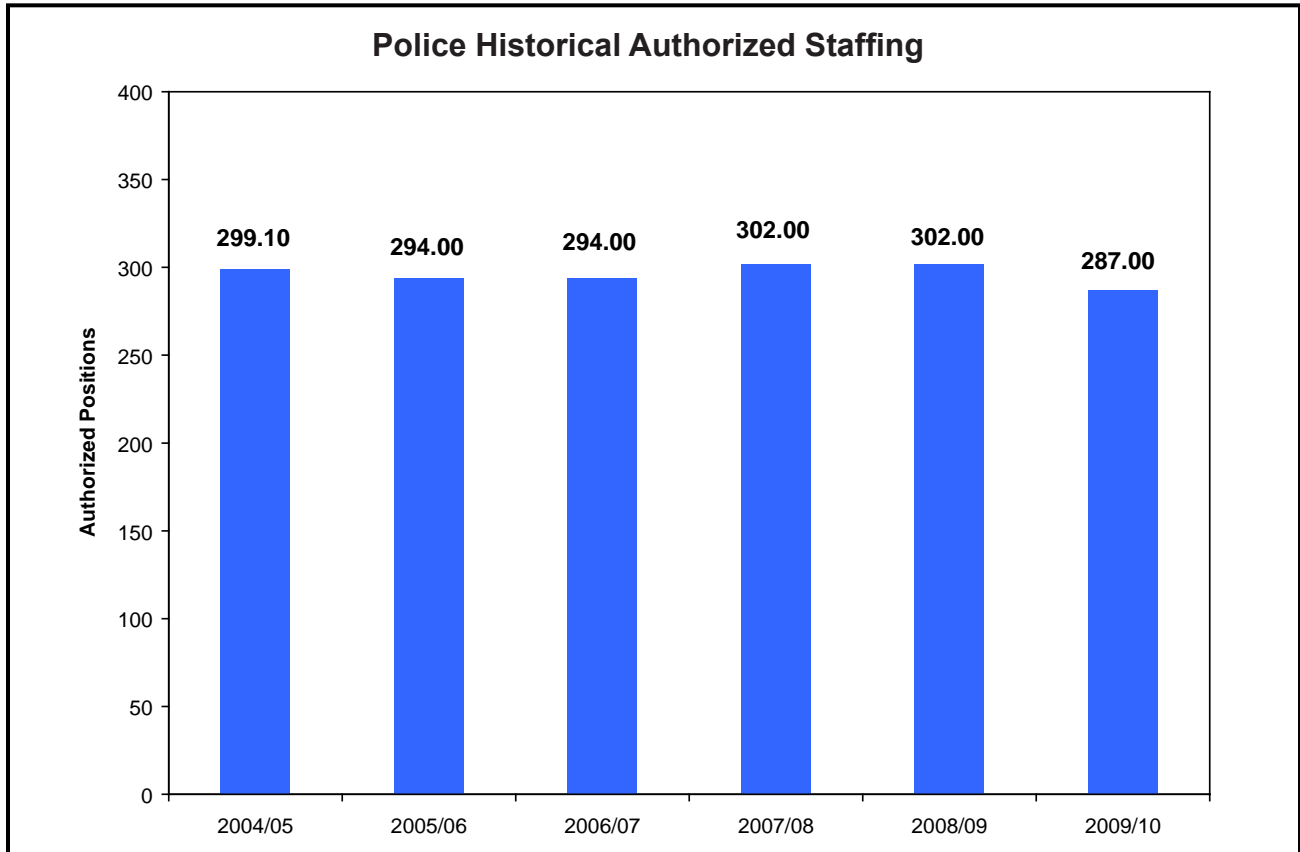
Operating and capital expenditures are increasing by 10.0% due to increased funding to develop new technologies and automated equipment systems as a result of funding from a new COPS Technology Grant.

The indirect expense allocation is increasing by 0.9% due to typical annual increases in retiree medical benefits.

As a result of department reductions, most shifts will be staffed at safety minimums rather than service minimums. The community will experience delays in responses to less critical crimes, such as theft or drug- and alcohol-related crimes.

The department will reduce front desk and lobby hours to Monday through Friday from 8:00 a.m. to 5:00 p.m. only (they are currently open 24 hours per day, seven days per week). This reduction will mean that the public will only be assisted during normal City business hours. There will, however, be a telephone outside the front door with direct access to the Dispatch Center in case of emergency. The Citizen's Ride-along and National Night Out programs will be reduced or eliminated. The Street Crimes Unit may be suspended, which will result in a significant reduction in proactive arrests and the ability to address crime trends.

These significant reductions will also reduce the department's ability to fund overtime costs, which can result from crime activity and unpredictable events, as well as impacting the department's ability to respond to calls for service in the community.





Staffing by Function FY 2009/10  
287.00 Permanent Full-Time Equivalents

## Police

### Chief's Office

Police Chief 1.00  
Executive Assistant 1.00

### Business Services

Business Manager 1.00  
Accounting Technician 1.00  
Senior Accounting Specialist 2.00  
Senior Office Specialist 1.00  
*Public Service Assistant 19.0\**  
*(Equipment Room)*

### Office of Professional Standards & Accountability

Police Sergeant 2.00

### Special Investigator to the Chief

Police Officer 2.00

### Information Systems

Public Safety IT Manager 1.00  
Computer Specialist 2.00

### Records Unit

Police Records Administrator 1.00  
Records Supervisor 3.00  
Records Specialist 7.00  
Records Assistant 3.00

### Community Policing Services

Police Captain 1.00  
Police Lieutenant 5.00  
Police Sergeant 19.00  
Police Officer 100.00  
Chief Forensic Specialist 1.00  
Dispatch Supervisor 4.00  
Dispatcher 20.00  
Administrative Assistant 1.30  
Dispatch Technician 1.00  
Community Service Officer 8.00  
Property Officers 3.00  
Records Specialist 1.00  
*Reserve Officer 7.00\**

### Investigative & Special Operations Services

Police Captain 1.00  
Police Lieutenant 2.00  
Police Sergeant 10.00  
Police Officer<sup>1</sup> 42.00  
Community Service Officer 5.00  
Crime Intel & Analysis Manager 1.00  
Management Analyst II 1.00  
Community Engagement Specialist 2.00  
Animal Services Supervisor 1.00  
Crime Analyst 1.00  
Detention Supervisor 4.00  
Senior Office Specialist 2.00  
Detention Technician 12.00  
Administrative Assistant 1.70  
Records Specialist<sup>2</sup> 3.00  
Animal Services Officer 4.00  
Office Specialist II 2.00

*Public Service Assistant 13.00\**  
*(Animal Services)*

*PT Police Officer & Public Service Assistant 5.00\**  
*(Personnel, Red Light, and Court Liaison)*

<sup>1</sup>Six School Resource Officers funded 50:50 by Fremont Unified School District and City of Fremont

<sup>2</sup>One Records Specialist assigned to SACNET, Narcotic Task Force

*\*Temporary positions not counted in full-time equivalents.*

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## Transportation & Operations

### Mission:

To enhance the community by providing quality public services such as maintenance of the City's infrastructure, an efficient transportation system, and responsible environmental programs.

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### Description of Responsibilities and Services

The Transportation and Operations Department provides traffic and transportation engineering, maintenance, and environmental services. The department's Transportation Engineering Division is responsible for maintaining and enhancing traffic flow and managing a safe and efficient transportation network through coordination with regional and State transportation organizations, transportation planning, capital street improvement projects, and an effective traffic signal system. The Maintenance Division maintains City-owned infrastructure by providing both proactive and reactive maintenance that enhances capital preservation, maintains and improves safety, and, whenever practical, provides aesthetic enhancements. These functions are carried out through the maintenance of City streets, medians, trees, public buildings, and vehicles. Beginning in FY 2009/10, however the City will no longer maintain street trees. The Environmental Services Division is responsible for environmentally sound and cost-effective methods for the disposal of garbage and household hazardous waste, recovery of recyclables, waste prevention, and the flow of clean storm water into streams and the bay.



Ongoing services, when resources permit, include a proactive sign maintenance program; replacing high maintenance landscaping materials with low maintenance, drought tolerant materials; replacing antiquated equipment systems with more efficient and technologically advanced equipment; and



improvements to traffic signal timing and signal coordination to improve air quality and reduce travel delays and fuel consumption. The department will continue to partner with regional transportation agencies to ensure Fremont's interests are considered relative to regional transportation projects such as the BART extension to Warm Springs and Santa Clara County, the Route 84 (East-West Connector) Project, the Mission Boulevard/I-880 Interchange Project, the Dumbarton Rail Corridor Project, and the I-680 Smart Lane Project.

## Department Budgets | Transportation & Operations

<b>Transportation &amp; Operations</b>						
<b>Historical Expenditures/Budget, by Major Service Area</b>						
	<b>2006/07 Actual</b>	<b>2007/08 Actual</b>	<b>2008/09 Estimated Actual</b>	<b>2008/09* Adjusted Budget</b>	<b>2008/09 Adopted Budget</b>	<b>2009/10 Adopted Budget</b>
Environmental Services	8,799,574	6,187,376	7,230,036	7,559,486	7,137,264	7,603,725
Hazardous Materials		320,168	436,025	515,995	383,621	383,633
Streets, Medians & Urban Forestry	8,594,453	8,490,651	6,073,329	6,258,492	6,204,809	5,364,867
Public Buildings	6,082,608	6,012,484	5,721,672	6,176,122	6,017,037	5,809,701
Fleet Maintenance	2,948,028	3,296,472	2,957,379	2,960,353	2,914,259	2,798,952
Transportation Engineering	1,752,579	1,972,164	2,133,215	2,170,853	2,157,216	2,169,333
Administration	2,150,083	2,364,609	2,133,180	2,126,262	2,120,600	2,028,190
<b>Total Transportation &amp; Operations</b>	<b>\$ 30,327,325</b>	<b>\$ 28,643,924</b>	<b>\$ 26,684,836</b>	<b>\$ 27,767,563</b>	<b>\$ 26,934,806</b>	<b>\$ 26,158,401</b>

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

Note: Prior to FY 2006/07, the budget for Transportation Engineering was displayed as part of the "Engineering" budget in the Community Development Department.

## Accomplishments

- Implemented a vehicle use strategy that resulted in the permanent removal of 14 vehicles from the fleet, and achieved an annual reduction of approximately 35 tons of greenhouse gases.
- Successfully opened the Household Hazardous Waste facility in July 2008. This new facility offers a free, safe, and convenient choice for residents to properly dispose of their household hazardous waste.
- Completed energy conservation roof replacement projects at several public facilities, including the Central Park restrooms, water well buildings, and the Tennis Center.

## FY 2009/10 Special Projects

1. Complete the baseline update of the Citywide travel demand model for the years 2025 to 2030, which will be used for updating the Transportation Chapter of the City's General Plan. The Transportation Chapter of the General Plan describes Fremont's current transportation system, presents projections and assumptions about its transportation future, and also discusses how the City will address its future transportation needs.
2. Continue upgrades and new installations of building energy management systems for increased energy conservation at City facilities. In FY 2009/10, the construction of Fire Station 2 and the remodel of Fire Station 3 will be completed, at which time new or upgraded energy management systems will be installed. In FY 2010/11, energy management systems will be installed in Fire Station 11, the new Fire Tactical Training Center, and the Police Department Firing Range.

3. Complete the Washington Boulevard/Paseo Padre Parkway Grade Separation Project with the new section of Paseo Padre Parkway opening by early fall along with the new portions of Driscoll and Osgood Roads.

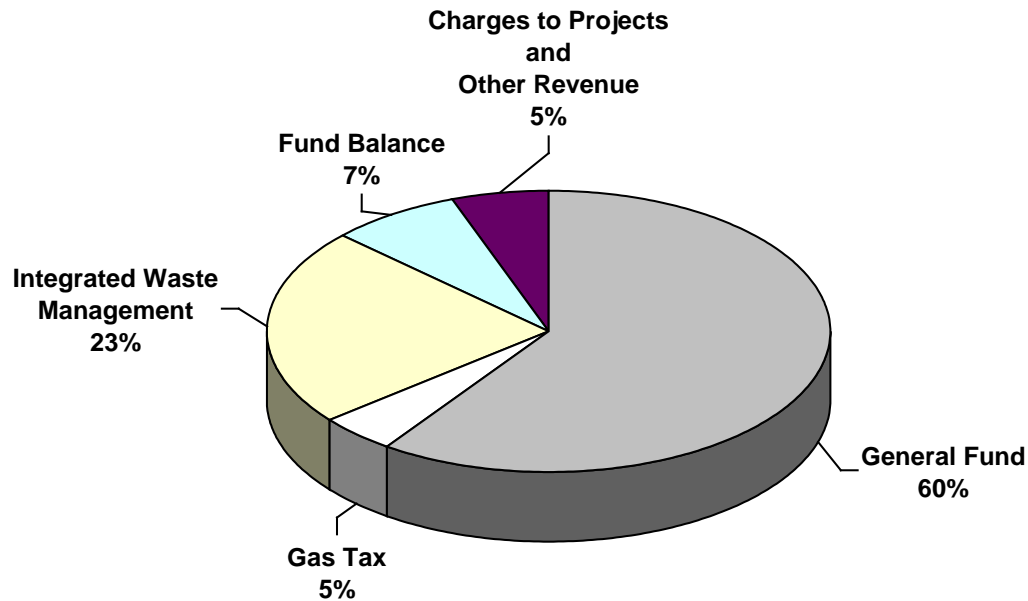


4. Continue cost effective energy conservation practices through roof and HVAC replacement projects at facilities such as the Warm Springs and Irvington Community Centers.
5. Complete selection and implementation of an automated chemical inventory and Material Safety Data Sheet management system for City staff to efficiently meet regulatory responsibilities, enable employees to readily access information about substances used in the workplace via the intranet, and facilitate extensive record keeping requirements.
6. Implement an enhanced litter abatement program to comply with the expanded National Pollutant Discharge Elimination System storm water permit requirements by early FY 2009/10.
7. Continue to “green” the City’s fleet by managing the fleet in a manner that reduces fuel consumption and the emission of greenhouse gases and diesel particulate matter.
8. Retrofit up to 12 City vehicles with diesel particulate traps in FY 2009/10 to comply with the California Air Resources Board’s requirement to reduce diesel particulate matter produced by public fleets.
9. Upgrade the security card access system at the Police Department building to a platform that is consistent with the card access system that is used throughout the City to enhance security and improve maintenance support efficiencies.

## Department Budgets | Transportation & Operations

### Transportation and Operations Sources of Funding

FY 2009/10: \$26,158,401



### Transportation & Operations Historical Expenditures/Budget, by Category

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Salaries & Benefits	\$ 11,028,648	\$ 11,700,045	\$ 10,188,949	\$ 11,215,904	\$ 13,509,495	\$ 9,965,061
Operating & Capital Expenditures	14,649,481	12,128,782	13,669,517	13,753,182	10,557,935	13,223,045
Capital Expenditures	78,469	-	-	-	70,900	-
Indirect Expense Allocation**	4,570,727	4,815,097	2,826,370	2,798,477	2,798,476	2,970,295
<b>Totals</b>	<b>\$ 30,327,325</b>	<b>\$ 28,643,924</b>	<b>\$ 26,684,836</b>	<b>\$ 27,767,563</b>	<b>\$ 26,936,806</b>	<b>\$ 26,158,401</b>

% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget

-2.9%

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

\*\* Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

### Major Changes for FY 2009/10 and Impact of Reductions

The Transportation and Operations Department budget for FY 2009/10 is \$26,158,401, which is \$776,405 (or 2.9%) less than the FY 2008/09 adopted budget. The number of authorized positions is being reduced from 116.025 to 103.105. (A detailed list of citywide position changes can be found on pages 30-31.)

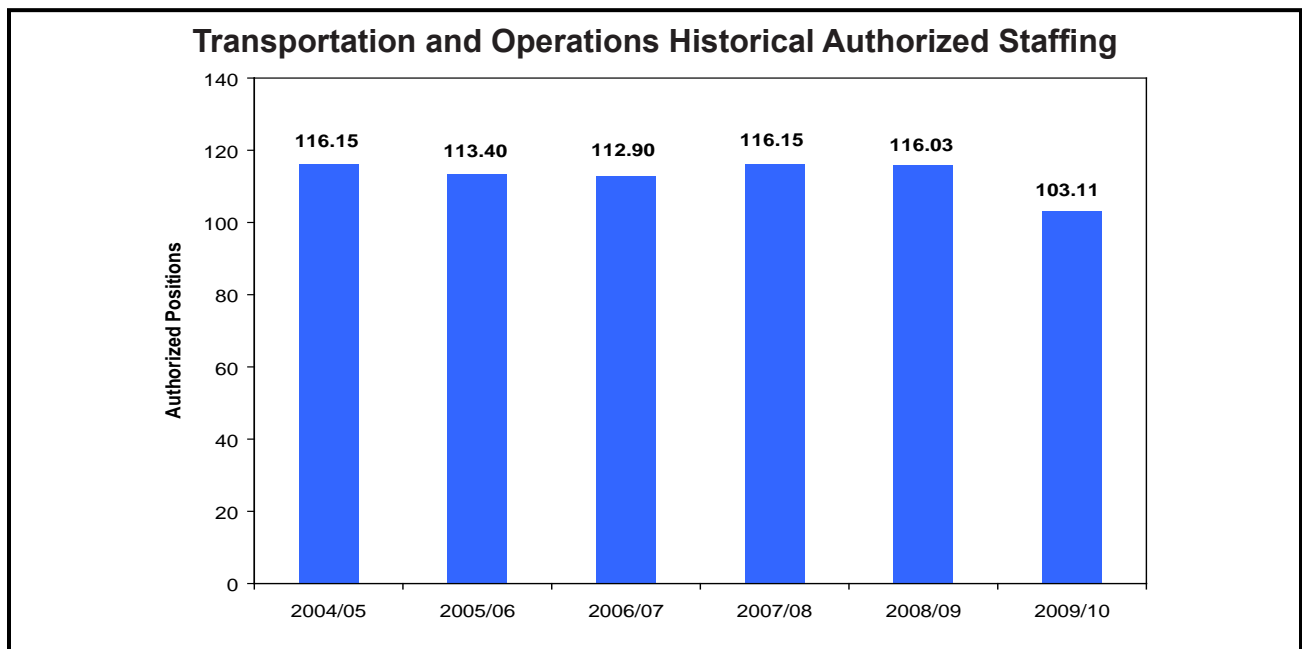
Salaries and benefits are decreasing by 10.6% as a result of budget reductions that eliminated 13 permanent positions from the Maintenance Division.

Operating and capital expenditures are increasing by 1.8% consistent with typical CPI increases in this category citywide, although some increases in the Household Hazardous Waste Program are offset by decreases in supplies and materials related to staffing reductions.

The indirect expense allocation is increasing by 6.1% and is related primarily to the increases in expenses related to the Household Hazardous Waste Program.

The budget reductions for FY 2009/10 mean that the community will experience further deterioration in its road conditions, sidewalks, and reductions in completion of sign repairs, lane striping, and legend painting. The department will reduce median maintenance, causing unsightly and worn landscaping. In addition, the City will no longer provide street tree maintenance. Instead, property owners will be required to take on this responsibility. Such a transfer of responsibility will require adoption of a new tree policy and ordinance by the City Council.

The Transportation Engineering Division will no longer respond to all traffic-related service requests. Instead, they will now respond only to safety-related and legal obligation requests. This approach means that requests for additional signage, traffic calming devices, crosswalks, and restricted parking will be delayed until the higher priority requests are completed.





## Department Budgets | Transportation & Operations

Staffing by Function FY 2009/10

103.105 Permanent Full-Time Equivalents

### Transportation and Operations

#### Environmental Services

City Attorney	0.08
Transportation & Operations Director	0.20
Environmental Services Manager	0.90
Business Manager	0.125
Solid Waste Administrator	1.00
Environmental Specialist II	3.75
Environmental Specialist I	2.875
Executive Assistant	0.20
Office Specialist II	1.00

#### Transportation Engineering

Transportation & Operations Director	0.50
Senior Transportation Engineer	2.00
Business Manager	0.125
Associate Transportation Engineer	3.00
Management Analyst II	0.25
Transportation Engineer II	3.00
Executive Assistant	0.50
Engineering Technician I	1.00
Office Specialist II	1.00

### Maintenance Services

#### Administration

Transportation & Operations Director	0.30
Deputy Director, Maintenance Operations	1.00
Business Manager	0.75
Management Analyst II	0.25
Executive Assistant	0.30
Administrative Assistant	1.00
Office Specialist II	3.00

#### Public Buildings

Building Maintenance Supervisor	1.00
Building Maint. Field Supervisor	3.00
Management Analyst I	1.00
Building Trades Worker III	1.00
Building Maintenance Coordinator	1.00
Building Maintenance Worker II	11.00
Building Maintenance Worker I	1.00
Office Specialist II	1.00

#### Environmental Compliance

Management Analyst II	1.00
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#### Fleet Maintenance

Equipment Maintenance Supervisor	1.00
Fleet Mechanic II	2.00
Heavy Equipment Mechanic	3.00
Auto Equipment Mechanic	1.00
Auto Parts & Maint. Coordinator	1.00
Mechanic Assistant	3.00

#### Street Maintenance

##### Pavement Maintenance

Street Maintenance Supervisor	0.35
Street Field Supervisor	1.00
Street Maintenance Worker II	4.00
Street Maintenance Worker I	4.00

##### Street Sanitation

Street Maintenance Supervisor	0.35
Street Field Supervisor	1.00
Street Maintenance Worker II	6.00
Street Maintenance Worker I	1.00

##### Traffic Safety

Street Maintenance Supervisor	0.30
Street Field Supervisor	1.00
Street Maintenance Worker II	4.00
Street Maintenance Worker I	3.00

#### Urban Landscaping

##### Tree Crews

Park Maintenance Supervisor	0.40
Park Field Supervisor	2.00
Park Maintenance Worker II	2.00
Park Maintenance Worker I	2.00

##### Median Crews

Park Maintenance Supervisor	0.60
Park Field Supervisor	1.00
Park Maintenance Worker II	3.00
Park Maintenance Worker I	6.00

## Administrative Departments

### Description of Responsibilities and Services

The Administrative Departments include the City Manager's Office, City Attorney's Office, City Clerk's Office, Finance, Human Resources, and Information Technology Services. These departments work together to provide the organization infrastructure that makes services to the community possible. Because they work collaboratively to support the organization, administrative departments' special projects are presented collectively. Other department budget information is displayed on subsequent pages.

### FY 2009/10 Special Projects

#### *City Manager's Office*

1. Continue implementation of the organizational development program focusing on leadership and management training.
2. Conduct ongoing citywide coordination of the City's application for Federal Stimulus Package funding.

#### *City Attorney's Office*

3. Work with the Purchasing Division of the Finance Department to revise the City's purchasing ordinance to clarify and streamline contracting procedures for greater efficiency.
4. Work with the Community Development and Economic Development Departments on updates to the City's sign ordinance.

#### *City Clerk's Office*

5. Coordinate purchase of a software service to efficiently organize and manage streaming content for City Council and Planning Commission meetings resulting in enhanced accessibility to these materials.
6. Coordinate purchase and implementation of software to automate the Council Agenda process to improve staff efficiency.

#### *Finance Department*

7. Implement improvements to the purchasing ordinance by clarifying change order processes and criteria for using State and other public agency contracts, which reduces City costs by making use of economies of scale.

## Department Budgets | Administrative Departments

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8. Implement a banking services option to pay certain vendors using the bank's e-payables program to better time cash flows and enhance investment earnings.
9. Work with departments to improve the process when purchasing goods under \$25,000 to ensure the City is procuring items in the most cost effective manner.
10. Work with the Fire Department to prepare an Emergency Operations Center plan.

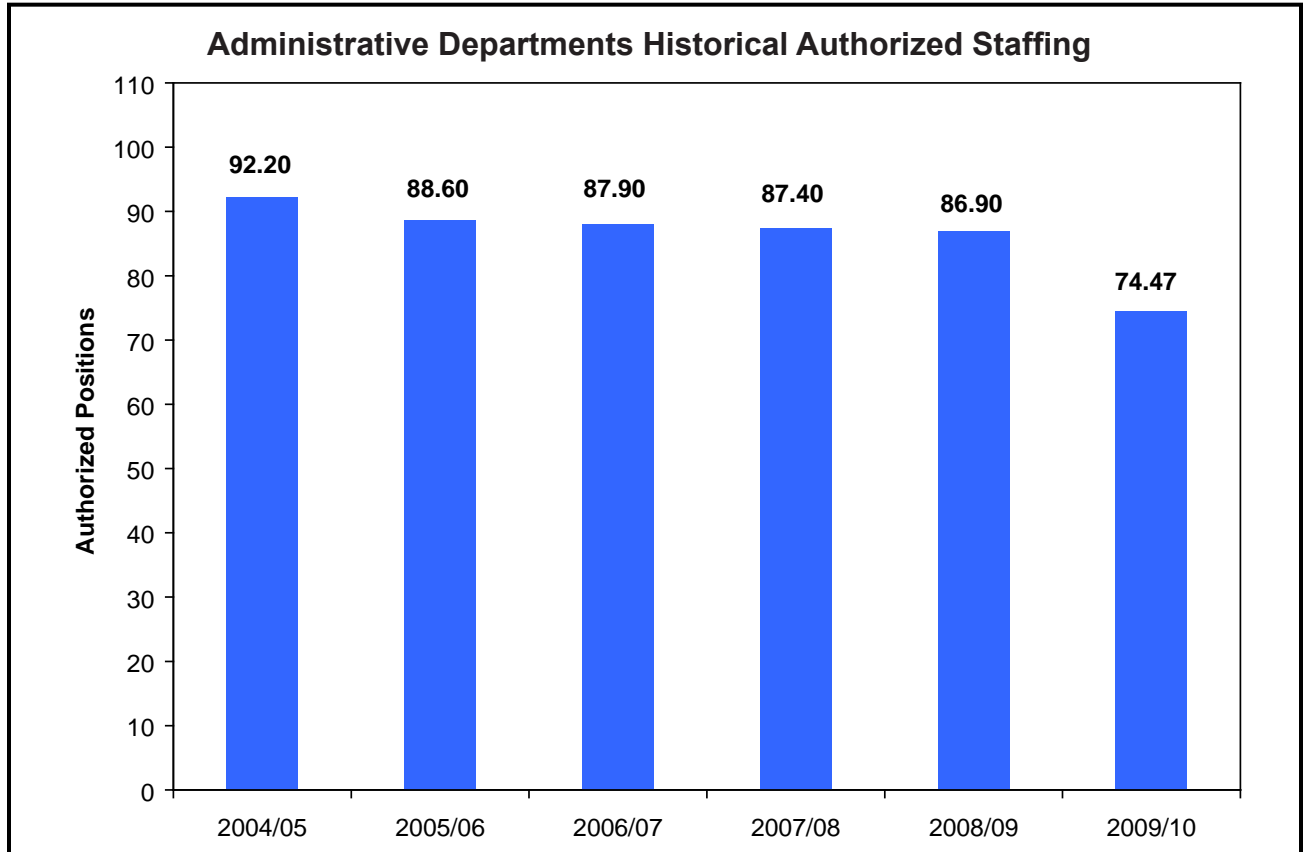
### ***Human Resources Department***

11. Continue to provide City departments and employees with high quality human resource consulting services in the areas of recruitment, benefit and payroll administration, and employee and labor relations.
12. Work with the City's eight bargaining units to maintain positive labor relations and complete successor Memoranda of Understanding.
13. Continue to provide training opportunities to employees to foster organizational development.
14. Implement recommendations to improve administration of the City's deferred compensation programs.
15. Develop protocols for continuation of payroll operations as part of disaster preparedness.

### ***Information Technology Services***

16. Continue to work with the Community Development Department to prepare requirements for a web-based online permit management system through customer needs assessment, analysis, and software vendor evaluations.
17. Implement workflow automation tools for issuing addresses and updating parcels that automatically incorporate the new address and parcel information into map layers and other citywide systems that use geographic and tabular datasets by June 2010.
18. Within the next two years, develop a Geographic Information Systems (GIS) strategic plan to provide a vision and guide for GIS activities for the next three to five years.
19. Assess the feasibility of implementing a disaster recovery plan with a third party provider or another public agency to assure that network resources will continue to be available for business continuity after a natural disaster by June 2010.
20. Implement the workflow module in the City's financial application for the purchase requisition and purchase order processes to enhance the efficiency of the internal procurement process by June 2010.

21. Plan for and begin the migration from the GroupWise email system to the Microsoft Exchange email system by December 2010.



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## City Manager

### Mission:

To provide supportive leadership, creating an environment in which all employees, the City Council, and the community, working together, can use their abilities to the fullest extent to provide valued services to the community, giving shape and action to the City Council's policies and goals.

### Description of Responsibilities and Services

The City Manager's Office is responsible for providing support and advice to the City Council, offering leadership and policy support for departments, fostering community partnerships and interagency collaboration, providing legislative policy support, and championing efforts to increase organizational development and resiliency.

The City Manager's Office supports the City Council's efforts to engage in legislative advocacy to advance the City's interests and increase the City's influence as a leader. Similarly, it leads efforts to publicize Fremont's innovative programs, services, and best practices.

City Manager's Office Historical Expenditures/Budget, by Major Service Area						
	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
City Manager's Office	\$ 660,239	\$ 562,641	\$ 504,720	\$ 570,670	\$ 562,203	\$ 584,769
Administrative Systems Office	771,563	709,052	777,808	812,353	817,569	673,368
<b>Total City Manager's Office</b>	<b>\$ 1,431,802</b>	<b>\$ 1,271,693</b>	<b>\$ 1,282,528</b>	<b>\$ 1,383,023</b>	<b>\$ 1,379,772</b>	<b>\$ 1,258,137</b>

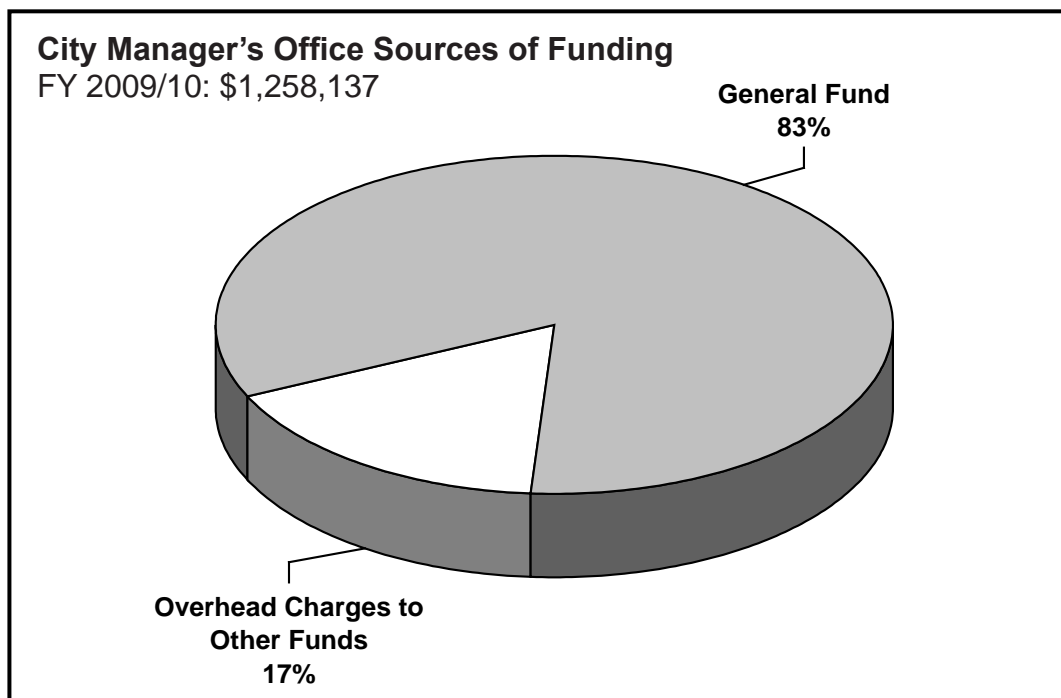
\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

### Accomplishments

- Coordinated application for Federal Stimulus Package funding citywide.
- Created a citywide Grants Review Team as a helpful tool for departments seeking grant funding.
- Provided valuable organizational development programs focusing on leadership and management training.
- Developed a balanced budget for FY 2009/10, addressing both the current fiscal crisis and the longer-term structural budget gap with a strategic combination of one-time resources and ongoing sustainable reductions.

### FY 2009/10 Special Projects

1. Continue implementation of the organizational development program focusing on leadership and management training.
2. Conduct ongoing citywide coordination of the City's application for Federal Stimulus Package funding.





**City Manager's Office  
Historical Expenditures/Budget, by Category**

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Salaries & Benefits	\$ 1,205,047	\$ 964,976	\$ 899,812	\$ 949,995	\$ 949,994	\$ 917,740
Operating Expenditures	98,067	147,042	249,434	298,746	295,496	203,440
Capital Expenditures	-	-	6,683	7,683	7,683	7,836
Indirect Expense Allocation**	128,688	159,675	126,599	126,599	126,599	129,121
<b>Totals</b>	<b>\$ 1,431,802</b>	<b>\$ 1,271,693</b>	<b>\$ 1,282,528</b>	<b>\$ 1,383,023</b>	<b>\$ 1,379,772</b>	<b>\$ 1,258,137</b>
% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget						-8.8%

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

\*\* Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

## Major Changes for FY 2009/10 and Impact of Reductions

The FY 2009/10 City Manager's Office proposed budget is \$121,635 (or 8.8%) less than the FY 2008/09 adopted budget. The number of authorized positions is being reduced from 7.45 to 5.25. (A detailed list of citywide position changes can be found on pages 30-31.)

Salaries and benefits are decreasing by 3.4% due to the elimination of two positions and transferring a portion of the Deputy City Manager's salary to the Housing and Redevelopment Agency to reflect time spent overseeing the RDA function.

Operating expenditures are decreasing by 30.3% as a result of reducing consultant services, including funding for the website redesign project, which was completed in FY 2008/09.

The indirect expense allocation is increasing by 2.0% consistent with typical annual increases in retiree medical benefits.

These reductions will put further strain on the staffing available to provide support to departments and respond to requests. As a result, the department will reevaluate projects, which may mean some items will be delayed or eliminated.

## Department Budgets | City Manager

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Staffing by Function FY 2009/10

5.25 Permanent Full-Time Equivalents

### City Manager's Office

|

City Manager	0.75 *
Executive Assistant to the City Manager	1.00

|

### Administrative Systems Office

Deputy City Manager	0.50 **
Management Analyst II	1.00
Executive Assistant	1.00
Office Specialist II	1.00

\* The balance of this position is budgeted in the Office of Housing and Redevelopment.

\*\* The balance of this position is budgeted in the City Clerk's Office and the Office of Housing and Redevelopment.

## City Attorney

### Mission:

To effectively utilize available resources to provide excellent legal and risk management services, consistent with the highest professional and ethical standards, to the Mayor and City Council, City departments, boards and commissions, and the Redevelopment Agency, with the goal of protecting and advancing the City's interests.

### Description of Responsibilities and Services

The City Attorney's Office provides a full range of day-to-day legal services to the City. The office supports the City by rendering legal advice and opinions, and drafting and reviewing contracts, ordinances, resolutions and other documents needed to accomplish the City's goals and policies. Staff attorneys advise the City Council, commissions, boards and staff on legal matters such as land use and environmental regulations, special development projects, potential liability for City actions, and compliance with federal and State laws. The office assists the City in negotiating complex agreements, including labor and multi-jurisdictional agreements, public/private partnerships, and redevelopment agreements. The office also represents the City's legal interests before judicial and administrative agencies, and prosecutes code enforcement matters. The office provides risk management services to the City through its Risk Management division, including tort claims administration and defense, workers' compensation administration, and employee safety training.

**City Attorney's Office**  
Historical Expenditures/Budget, by Major Service Area

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
City Attorney	\$ 1,753,494	\$ 1,650,595	\$ 1,654,186	\$ 1,652,251	\$ 1,649,742	\$ 1,501,879
Risk Management	6,694,419	6,783,505	5,071,266	7,155,862	7,150,314	7,338,958
<b>Total City Attorney's Office</b>	<b>\$ 8,447,913</b>	<b>\$ 8,434,100</b>	<b>\$ 6,725,452</b>	<b>\$ 8,808,113</b>	<b>\$ 8,800,056</b>	<b>\$ 8,840,837</b>

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

### Accomplishments

- Worked with the Police Department on several quality of life projects, including preparation of an ordinance regulating the operation of nightclubs and their impacts to the community, initiation of proceedings under Health & Safety Code sections 11570 et seq. (Drug Abatement Act) to control drug-related activity, and litigation of weapons confiscation petitions leading to the destruction of a number of weapons.

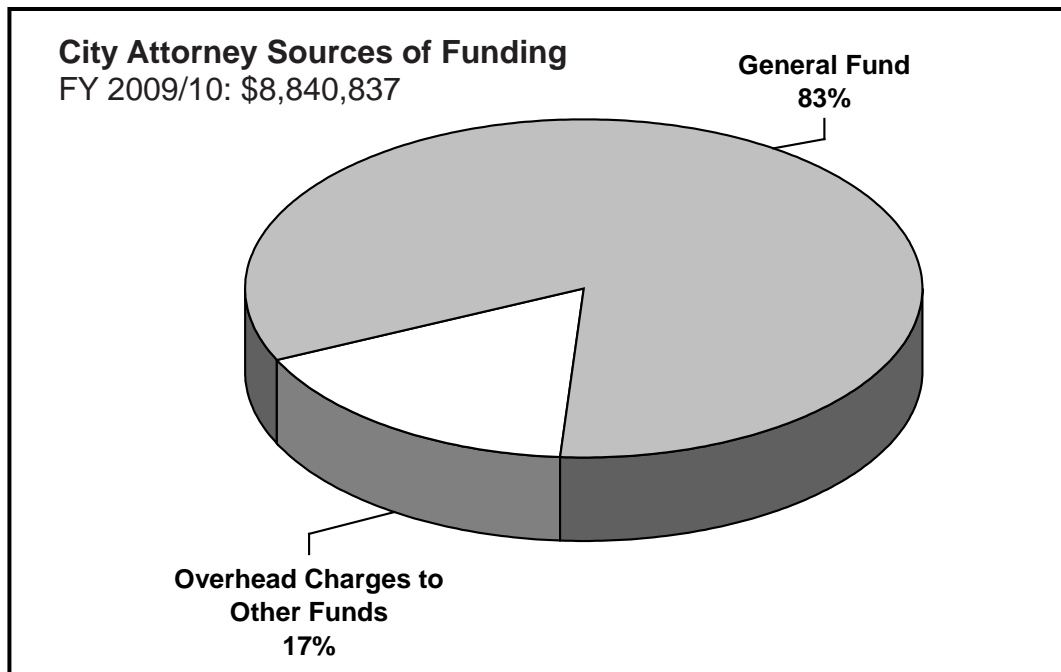
## Department Budgets | City Attorney

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- Spearheaded the successful defense of a challenge to the City's Mobile Home Rent Stabilization ordinance and obtained a favorable appellate ruling affirming a trial court decision upholding the constitutionality of the ordinance's regulation of rents upon sale of a mobile unit.

### 2009/10 Special Projects

1. Work with the Purchasing Division of the Finance Department to revise the City's purchasing ordinance to clarify and streamline contracting procedures for greater efficiency.
2. Work with the Community Development and Economic Development Departments on updates to the City's sign ordinance.



**City Attorney's Office (includes Risk Management Division)**  
**Historical Expenditures/Budget, by Category**

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Salaries & Benefits	\$ 1,752,236	\$ 1,711,023	\$ 1,771,699	\$ 1,774,211	\$ 1,768,663	\$ 1,752,418
Operating Expenditures	6,584,269	6,602,600	4,869,120	6,949,269	6,946,760	7,002,388
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	111,408	120,477	84,633	84,633	84,633	86,031
<b>Totals</b>	<b>\$ 8,447,913</b>	<b>\$ 8,434,100</b>	<b>\$ 6,725,452</b>	<b>\$ 8,808,113</b>	<b>\$ 8,800,056</b>	<b>\$ 8,840,837</b>

% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget 0.5%

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

\*\* Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

## Major Changes for FY 2009/10 and Impact of Reductions

The FY 2009/10 City Attorney's Office proposed budget is \$40,781 (or 0.5%) more than the FY 2008/09 adjusted budget. The number of authorized positions is being reduced from 10.5 to 9.42. (A detailed list of citywide position changes can be found on pages 30-31.)

Salaries and benefits are decreasing by 0.9% to reflect transferring a portion of the City Attorney's salary to the Integrated Waste Management Fund to more accurately reflect time expended on related projects.

Operating and capital expenditures are increasing consistent with typical CPI increases in this category citywide, and include costs for Risk Management citywide.

The indirect expense allocation is increasing by 1.7% consistent with typical annual increases in retiree medical benefits.

## Department Budgets | City Attorney

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Staffing by Function FY 2009/10

9.42 Permanent Full-Time Equivalents

### City Attorney's Office

|

City Attorney	0.61 *
Assistant City Attorney	0.92
Senior Deputy City Attorney	2.00
Deputy City Attorney	1.00
Law Officer Supervisor	1.00
Paralegal	0.75

|

### Risk Management

City Attorney	0.06 *
Assistant City Attorney	0.08
Risk Manager	1.00
Risk Management Technician	1.00
Safety Coordinator	1.00

*\* The balance of this position is budgeted in the Environmental Services Division of the Transportation and Operations Department and the Office of Housing and Redevelopment.*

## City Clerk

### **Mission:**

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**E**nsure citizens' trust in government by supporting the City's legislative process and providing open, accurate and timely legislative history; safeguarding all official records of the City; administering open and free elections; and providing information and services to support the City Council, staff, and the public.

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### **Description of Responsibilities and Services**

The Office of the City Clerk oversees the preparation of the City Council agenda, records the City Council's actions in official minutes, maintains a computerized legislative history, and is responsible for safeguarding official documents. The City Clerk is the elections officer for the City and is responsible for the administration of all general and special municipal elections. The City Clerk is the administrator and filing officer for the Fair Political Practices Commission and City of Fremont Conflict of Interest Regulations. The Office of the City Clerk oversees a records management system that provides for the electronic research and storage of City records, responds to public requests for information, distributes mail to City facilities, and administers the contract for off-site print services.

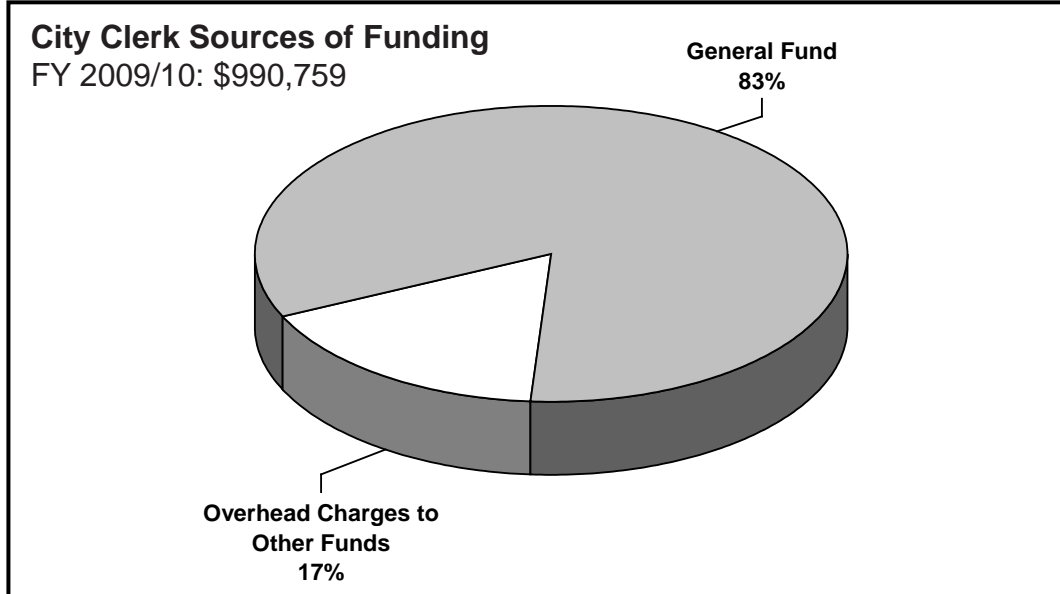
### **Accomplishments**

- Successfully completed the November 2008 General Municipal Election.
- Designed and implemented a Records Improvement Pilot Program for the Environmental Services Division allowing the Division to effectively manage, store, track, retrieve, and ultimately dispose of City documents.
- In coordination with City Attorney's Office staff, conducted two training sessions on use of retention schedules to most effectively purge old records and keep pace with current information pertaining to the management of City documents.
- In collaboration with City Attorney's Office staff and consultant, developed a Records Management "How To" Booklet as a guide for staff in working with records.

### **FY 2009/10 Special Projects**

1. Coordinate purchase of a software service to efficiently organize and manage streaming content for City Council and Planning Commission meetings resulting in enhanced accessibility to these materials.
2. Coordinate purchase and implementation of software to automate the Council Agenda process to improve staff efficiency.





**City Clerk**  
Historical Expenditures/Budget, by Category

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Salaries & Benefits	\$ 516,568	\$ 541,581	\$ 567,671	\$ 605,008	\$ 605,008	\$ 513,848
Operating Expenditures	454,981	235,287	311,750	329,920	321,130	327,553
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	155,040	182,577	147,954	147,954	147,954	149,358
<b>Totals</b>	<b>\$ 1,126,589</b>	<b>\$ 959,445</b>	<b>\$ 1,027,375</b>	<b>\$ 1,082,882</b>	<b>\$ 1,074,092</b>	<b>\$ 990,759</b>

% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget -7.8%

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

\*\* Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

### Major Changes for FY 2009/10 and Impact of Reductions

The FY 2009/10 City Clerk proposed budget is \$83,333 (or 7.8%) less than the FY 2008/09 adopted budget. The number of authorized positions is being reduced from 5.3 to 4.25. (A detailed list of citywide position changes can be found on pages 30-31.)

Salaries and benefits are decreasing by 15.1% to reflect the elimination of one staff position, as well as a reduction in the department part-time staffing budget.

Operating and capital expenditures are increasing by 2% consistent with typical CPI increases in this category citywide.

The indirect expense allocation is increasing by 0.9% consistent with the typical annual increase in retiree medical benefits.

As a result of these reductions, other City departments will experience a longer waiting period, thereby increasing the time for responses to information from the public. In addition, the agenda review process may experience delays.

Staffing by Function FY 2009/10

4.25 Permanent Full-Time Equivalents

**City Clerk**

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Deputy City Manager	0.25
City Clerk	1.00
Deputy City Clerk	1.00
Office Specialist I	2.00

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## Finance

### Mission:

To assist the City Council, City Manager, and operating departments in prudently managing financial resources and assets by providing accurate information and high-quality business and financial planning and management advisory services, including budgeting, debt management, accounting, purchasing, revenue collection and management, and payables processing.

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### Description of Responsibilities and Services

The Finance Department is responsible for providing financial information, policy analyses, and recommendations that help the City Council and all City departments make decisions about how to best allocate the City's resources. The department supports the organization's immediate as well as long-range resource allocation decisions, and responds to both economic fluctuations and changes in the State's fiscal outlook. Finance Department staff facilitate efforts to evaluate the effects of budget changes on service levels, assist departments with business planning, support Citywide economic development projects, and provide recommendations on proposals with a financial impact.



The department's core responsibilities include: accounting for the City's resources and disclosing the financial condition of the City and results of its operations in the year-end comprehensive annual financial report; monitoring local business and economic trends for effects on the City's revenue sources; preparing and monitoring the annual operating budget; providing accounts payable, accounts receivable, and purchasing services; collecting and auditing all locally-controlled revenues, including taxes, charges, and fines; and managing the City's investment, debt financing, and banking functions.

### Accomplishments

- Received awards for Excellence in Financial Reporting for the 24th year in a row and Excellence in Budgeting for the 12th year in a row from the Government Finance Officers Association.
- Completed the citywide Bi-tech financial software upgrade through collaboration with the Information Technology Services Department.
- Successfully completed a pilot project to reduce printing costs and increase cost recovery associated with the bidding of public works projects by implementing a "print to order" process for plans and specifications requested by vendors. In addition, documents are also available in digital format on the internet to further enhance efficiency and reduce printing costs.

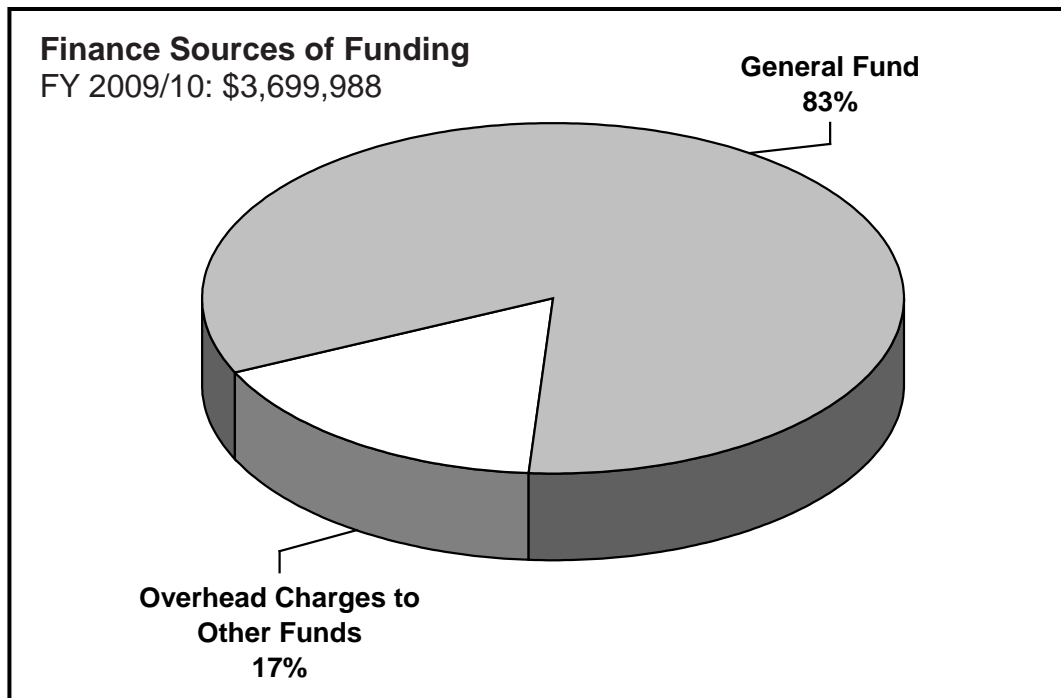
## Department Budgets | Finance

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- Issued almost \$121 million in debt through the following debt issues: 2008 Tax Revenue Anticipation Notes, 2008 Fixed Rate Certificates of Participation, 2008 Variable Rate Certificates of Participation, and the 2009 General Obligation Bonds.
- Navigated liquidity threats and credit and financing threats posed by the world wide financial crisis.
- Received an upgrade in the City's debt rating from Standard & Poor's, from A+ to AA- for the City's Certificates of Participation, and from AA- to AA for the City's General Obligation Bonds.

### FY 2009/10 Special Projects

1. Implement improvements to the purchasing ordinance by clarifying change order processes and criteria for using State and other public agency contracts, which reduces City costs by making use of economies of scale.
2. Implement a banking services option to pay certain vendors using the bank's e-payables program to better time cash flows and enhance investment earnings.
3. Work with departments to improve the process when purchasing goods under \$25,000 to ensure the City is procuring items in the most cost effective manner.
4. Work with the Fire Department to prepare an Emergency Operations Center plan.



**Finance**
**Historical Expenditures/Budget, by Category**

	<b>2006/07 Actual</b>	<b>2007/08 Actual</b>	<b>2008/09 Estimated Actual</b>	<b>2008/09* Adjusted Budget</b>	<b>2008/09 Adopted Budget</b>	<b>2009/10 Adopted Budget</b>
Salaries & Benefits	\$ 2,820,496	\$ 2,936,212	\$ 3,109,187	\$ 3,133,062	\$ 3,108,087	\$ 2,789,031
Operating Expenditures	541,009	488,440	405,498	441,144	407,814	386,571
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	252,096	450,062	520,114	520,114	520,114	524,386
<b>Totals</b>	<b>\$ 3,613,601</b>	<b>\$ 3,874,714</b>	<b>\$ 4,034,799</b>	<b>\$ 4,094,320</b>	<b>\$ 4,036,015</b>	<b>\$ 3,699,988</b>

% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget -8.3%

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

\*\* Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

## Major Changes for FY 2009/10 and Impact of Reductions

The FY 2009/10 Finance proposed budget is \$336,027 (or 8.3%) less than the FY 2008/09 adopted budget. The number of authorized positions is being reduced from 24.75 to 21.65. (A detailed list of citywide position changes can be found on pages 30-31.)

Salaries and benefits are decreasing by 10.3% due to the elimination of three positions.

Operating expenditures are decreasing by 5.2% as a result of reductions in outside services.

The indirect expense allocation is increasing by 0.8% consistent with the typical increase in retiree medical benefits.

The staff reductions will result in service delays to other City departments as well as a reduction in business tax enforcement and revenue collection capacity.

## Department Budgets | Finance

### Staffing by Function FY 2009/10

## 21.65 Permanent Full-Time Equivalents

## Finance

Finance Director	0.90 *
Budget Manager	1.00
Management Analyst II	1.00
Executive Assistant	1.00

## Accounting Services

Senior Accountant	2.00
Accountant	3.00
Accounting Technician	1.00

**Treasury**

Revenue & Treasury Manager	1.00
Accounting Technician	1.00

### Purchasing/Accounts Payable

Accounting Specialist II	4.00
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## Revenue

Operations Supervisor	1.00
Revenue Collector/Auditor	1.00
Accounting Specialist II	3.75

\* The remainder of this position is budgeted in the Office of Housing and Redevelopment.



## Human Resources

### **Mission:**

**P**artner with City departments to build and support an innovative, high performance organization.

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### **Description of Responsibilities and Services**

Human Resources is responsible for providing specialized assistance to all employees in the following areas: employee and labor relations; Citywide policy development; employee and organizational development; recruitment, examination, classification, compensation, and benefits and payroll administration. The department also conducts retirement counseling, new employee orientations, and ensures compliance with federal and State employment and income tax laws.



### **Accomplishments**

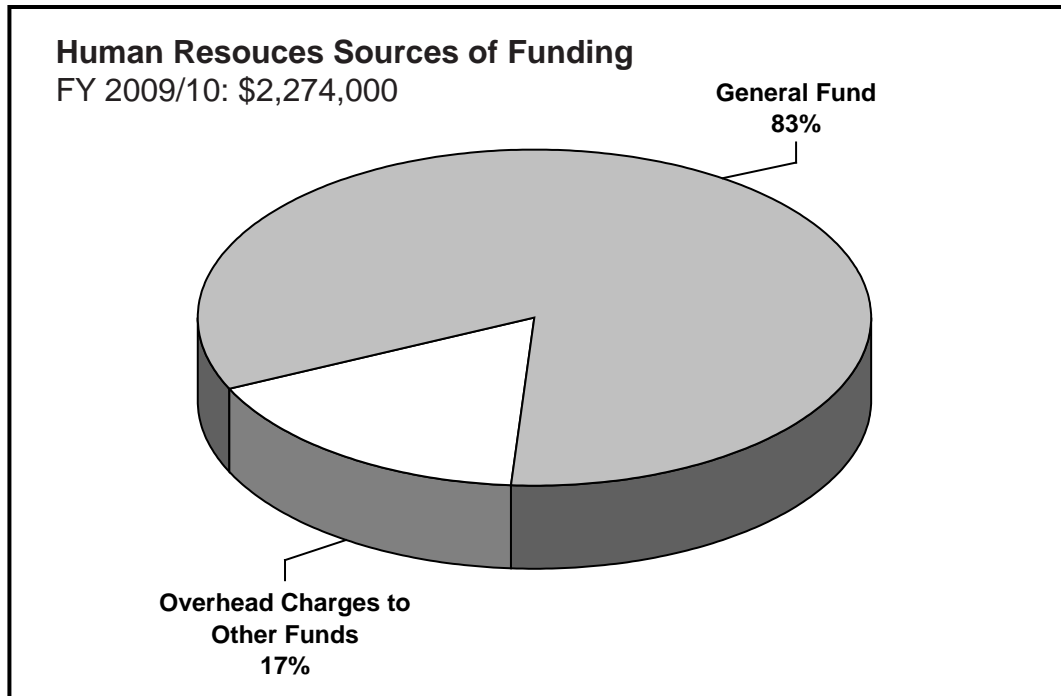
- In collaboration with Risk Management, implemented improved protocols for the Department of Transportation drug and alcohol testing program.
- Completed review of the City's deferred compensation programs and made specific recommendations for follow-up.
- Updated and formalized workflows for new hires and separations.
- Provided effective Human Resources support during budget reductions for FY 2009/10.

### **FY 2009/10 Special Projects**

1. Continue to provide City departments and employees with high quality human resource consulting services in the areas of recruitment, benefit and payroll administration, and employee and labor relations.
2. Work with the City's eight bargaining units to maintain positive labor relations and complete successor Memoranda of Understanding.
3. Continue to provide training opportunities to employees to foster organizational development.

## Department Budgets | Human Resources

4. Implement recommendations to improve administration of the City's deferred compensation programs
5. Develop protocols for continuation of payroll operations as part of disaster preparedness.



### Human Resources Historical Expenditures/Budget, by Category

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Salaries & Benefits	\$ 1,868,067	\$ 2,053,870	\$ 1,988,801	\$ 2,167,353	\$ 2,136,871	\$ 1,849,553
Operating Expenditures	175,913	265,948	203,363	243,475	238,875	243,655
Capital Expenditures	-	-	-	-	-	-
Indirect Expense Allocation**	154,752	178,937	177,675	177,675	177,675	180,792
<b>Totals</b>	<b>\$ 2,198,732</b>	<b>\$ 2,498,755</b>	<b>\$ 2,369,839</b>	<b>\$ 2,588,503</b>	<b>\$ 2,553,421</b>	<b>\$ 2,274,000</b>

% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget -10.9%

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

\*\* Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

## Major Changes for FY 2009/10 and Impact of Reductions

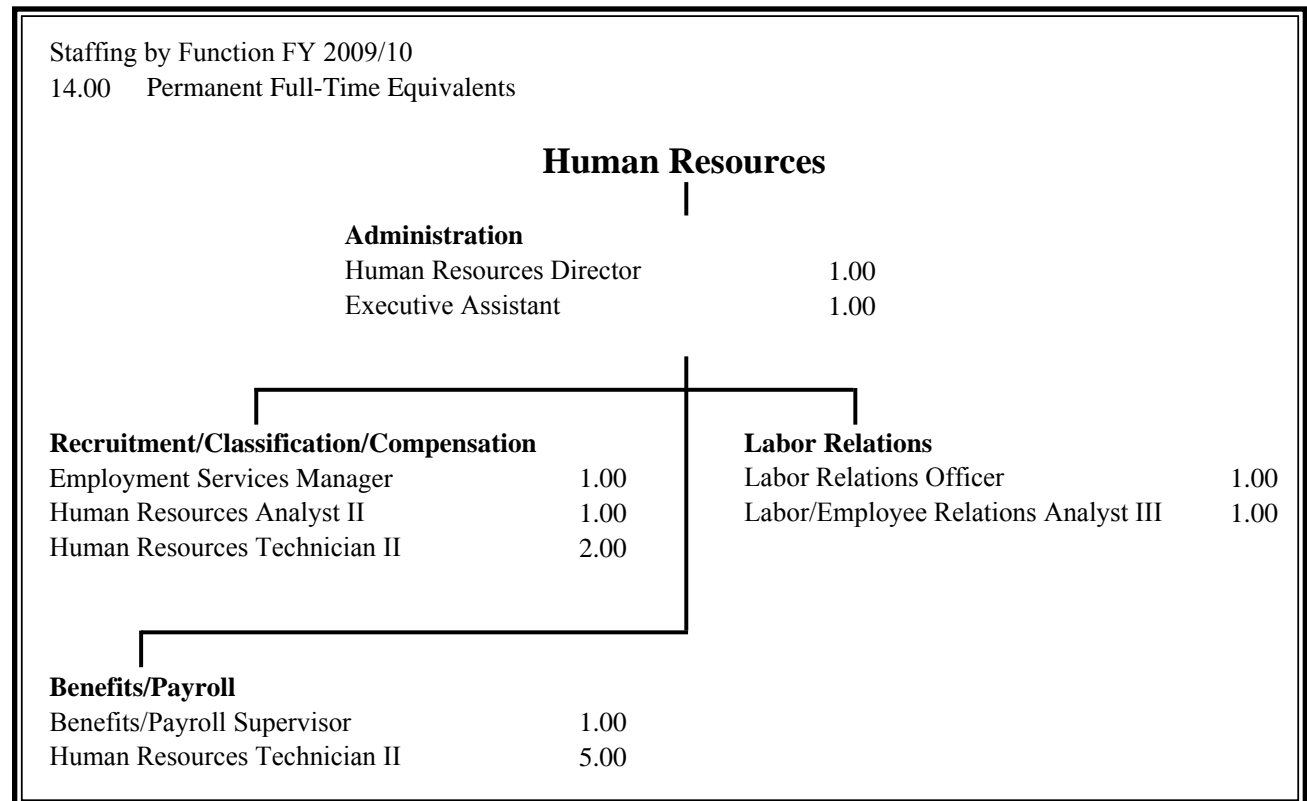
The FY 2009/10 Human Resources proposed budget is \$279,421 (or 10.9%) less than the FY 2008/09 adopted budget. The number of authorized positions is being reduced from 17.0 to 14.0. (A detailed list of citywide position changes can be found on pages 30-31.)

Salaries and benefits are decreasing by 13.4% as a result of the elimination of three positions.

Operating and capital expenditures are increasing by 2% consistent with typical CPI increases in this category citywide.

The indirect expense allocation is increasing by 1.8% consistent with typical annual increases in retiree medical benefits.

The reductions in staffing will have impacts on other City departments, including delays in response times, and may cause longer waiting times at the public service counter as well as the internal benefits payroll service counter.



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## Information Technology Services

### **Mission:**

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To support the computer, data, and telecommunications resources of the organization by providing employees and the public with enhanced access and tools to information and technology. The ITS Department is committed to utilizing innovative and collaborative solutions, as well as the best proven technology available, to provide excellent service that meets customer expectations.

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### **Description of Responsibilities and Services**

The Information Technology Services Department supports and enhances computer, telecommunications, business and mapping systems for the City. The Infrastructure Services Division is responsible for providing and maintaining computer, telecommunications, data network and security services so that user departments may deliver services to their customers. The Business Systems Division supports the City's core business processes and applications through development, modification, and enhancement to meet users' needs. The Geographic Information Systems (GIS) Division is responsible for acquiring, updating and providing City, County, State, and federal parcel, assessor and general map data, and for maintaining websites that offer access to this information via a single interactive mapping interface to City employees and the public. The Information Technology Services Department is also responsible for planning, selecting and implementing appropriate technologies to ensure these systems fulfill each department's mission and integrate, wherever possible, with the other parts of the organization for cost-effective and efficient operations.



Ongoing services include conducting routine maintenance for systems, providing on-site and over-the-phone technical assistance, performing periodic upgrades for enhanced functionality, assisting the end-user departments in meeting City, State, and federal reporting requirements, and continuously improving network security mandated by State and federal laws. Additional services provided are consulting and advice on computing systems, telecommunications and business applications, employee technology-related training, and project management of technology initiatives. GIS services include custom mapping and data requests as well as street name approval and address assignments.

### **Accomplishments**

- Implemented a virtual infrastructure for server and storage system, resulting in lower energy and hardware costs and opportunities for improved business continuity and disaster recovery procedures.

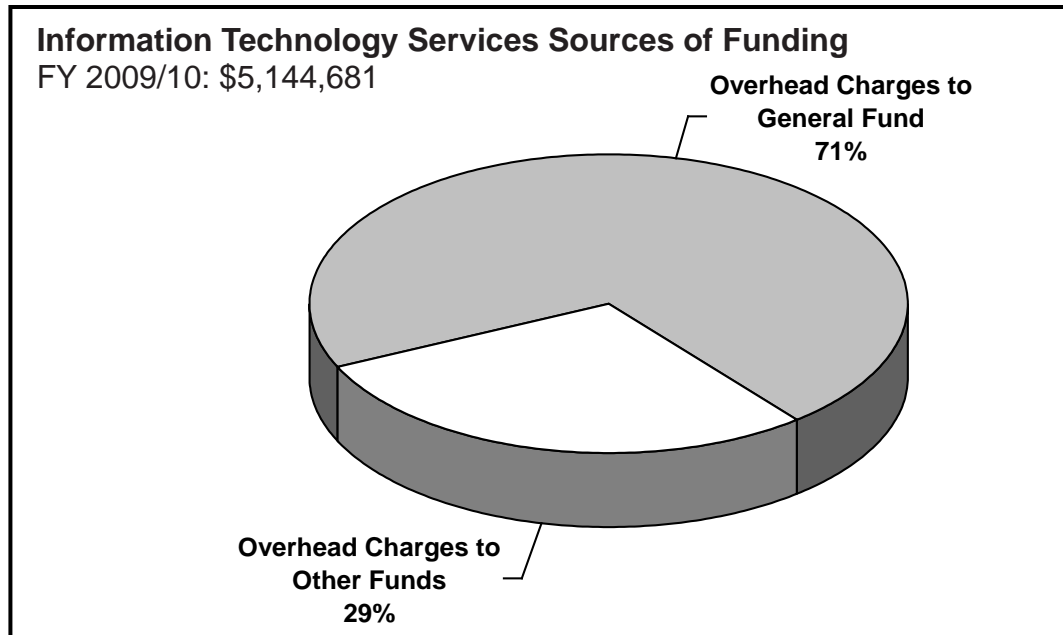
## Department Budgets | Information Technology Services

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- Completed the City's internet bandwidth upgrade and increased the access speed by 20 times, resulting in faster business-related downloads by City staff, better response time on City-hosted websites, faster access to web-based applications such as PeopleSoft HR/Payroll and BiTech financial systems, and improved connectivity to the City's network by teleworkers.
- The GIS Division finalized and posted addressing documents on the City's website for use by City employees and the public to make this information more easily available. As part of the public outreach efforts, business cards were developed and placed at the City's Permit Counter, and provided to the Postal Service and the County Assessor's Office to direct property owners/occupants to the City's GIS Division for any address issues.
- Redesigned the City's website, which went live in May 2009, through the commitment and dedication of all City departments.
- Completed installation of telephone and data cabling, wireless access points, printers, and flat panel displays as part of the development of an Emergency Operations Center (EOC) at the City's Maintenance Center.
- Completed installation of telephone and network cabling for the new Fire Administration classrooms and training classrooms.

### **FY2009/10 Special Projects**

1. Continue to work with the Community Development Department to prepare requirements for a web-based online permit management system through customer needs assessment, analysis, and software vendor evaluations.
2. Implement workflow automation tools for issuing addresses and updating parcels that automatically incorporate the new address and parcel information into map layers and other citywide systems that use geographic and tabular datasets by June 2010.
3. Within the next two years, develop a Geographic Information Systems (GIS) strategic plan to provide a vision and guide for GIS activities for the next three to five years.
4. Assess the feasibility of implementing a disaster recovery plan with a third party provider or another public agency to assure that network resources will continue to be available for business continuity after a natural disaster by June 2010.
5. Implement the workflow module in the City's financial application for the purchase requisition and purchase order processes to enhance the efficiency of the internal procurement process by June 2010.
6. Plan for and begin the migration from the GroupWise e-mail system to the Microsoft Exchange e-mail system by December 2010.



**Information Technology Services**  
**Historical Expenditures/Budget, by Category**

	2006/07 Actual	2007/08 Actual	2008/09 Estimated Actual	2008/09* Adjusted Budget	2008/09 Adopted Budget	2009/10 Adopted Budget
Salaries & Benefits	\$ 2,457,354	\$ 2,756,347	\$ 2,903,258	\$ 3,096,595	\$ 3,060,436	\$ 2,778,590
Operating Expenditures	911,913	1,319,318	1,889,957	2,108,930	1,091,823	1,735,421
Capital Expenditures	313,657	-	-	-	781,451	-
Indirect Expense Allocation**	612,192	639,420	676,899	676,899	676,899	630,670
<b>Totals</b>	<b>\$ 4,295,116</b>	<b>\$ 4,715,085</b>	<b>\$ 5,470,114</b>	<b>\$ 5,882,424</b>	<b>\$ 5,610,609</b>	<b>\$ 5,144,681</b>
% increase/(decrease), including all funds, from FY 2008/09 Adopted Budget						-8.3%

\* Adjustments commonly include encumbrances, which represent obligations from the prior year for expenses paid in the current year, and interfund transfers for costs budgeted in the non-departmental budget, but incurred in the department, such as accrued employee leave cash out.

\*\* Indirect expense allocation displays the department's share of the City's total costs for information technology, vehicle replacement, workers' compensation costs, and general liability insurance.

## Major Changes for FY 2009/10 and Impact of Reductions

The FY 2009/10 Information Technology Services proposed budget is \$465,928 (or 8.3%) less than the FY 2008/09 adopted budget. The number of authorized positions is being reduced from 21.9 to 19.9. (A detailed list of citywide position changes can be found on pages 30-31.)

Salaries and benefits are decreasing by 9.2% as a result of eliminating two permanent positions.

Operating and capital expenditures are decreasing by 7.4% due to reductions in some contract and maintenance services.



## Department Budgets | Information Technology Services

Indirect expenses are reduced by 6.8% due to the overall reduction in department expenditures. While there may not be direct impacts on the community, department reductions will result in longer response times to complete requests for support of applications, including report writing, upgrades and fixes. In addition, reductions to equipment maintenance may increase the network's vulnerability to viruses and intrusions, which may result in decreased network reliability and increased data loss possibility. Because of the reduced staffing, projects and special requests will take longer to be completed.

Staffing by Function FY 2009/10

19.90 Permanent Full-Time Equivalents

### Information Technology Services

#### Administration

Information Technology Services Director	1.00
Systems Analyst/Programmer	0.04
Accounting Specialist II	0.90

#### Business Systems

Business System Manager	1.00
Systems Analyst/Programmer	4.91

#### Geographic Information Systems

GIS Manager	0.90
Computer Specialist	1.00
Info Systems Application Specialist III	2.00

#### Infrastructure

Data Processing/Telecom. Technician	1.00
Accounting Specialist II	0.10
Network Administrator	2.00
Computer Specialist	4.00
Infrastructure Services Manager	1.00
Systems Analyst/Programmer	0.05

# Staffing

## Permanent Position Summary

### Overview

The total authorized permanent staffing level for FY 2009/10 represents a significant decrease. Reductions of 73.975 full time equivalent positions will bring many departments to their lowest levels in over 15 years. Staffing levels for the most basic services – Police, Fire, and Maintenance – will be at their lowest level in over 18 years when Fremont’s population growth for the same period is taken into account.

The authorized level of 846.00 FTEs is 8% lower than the FY 2008/09 level of 919.975. The decrease includes reductions of 15.0 FTEs in the Police Department, 9.0 FTEs in the Fire Department, 14.225 FTEs in Community Development, 12.92 FTEs in Transportation and Operations, 7.5 FTEs in Parks and Recreation, 3.1 FTEs in Finance, 3.0 FTEs in Human Resources, 2.0 FTEs in Information Technology Services, 2.2 FTEs in the City Manager’s Office, 1.8 FTEs in the Office of Housing and Redevelopment, 1.08 FTEs in the City Attorney’s Office, 1.05 FTEs in the City Clerk’s Office, 1.0 FTE in Human Services, and 0.10 FTEs in the Economic Development Department (a detailed list of citywide position changes can be found on pages 30-31).

	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>
<b><u>PUBLIC SAFETY</u></b>								
Fire	176.00	157.60	153.00	153.00	153.00	161.00	161.000	<b>152.000</b>
Police	337.75	292.90	299.10	294.00	294.00	302.00	302.000	<b>287.000</b>
<b>TOTAL</b>	<b>513.75</b>	<b>450.50</b>	<b>452.10</b>	<b>447.00</b>	<b>447.00</b>	<b>463.00</b>	<b>463.000</b>	<b>439.000</b>
<b><u>OTHER COMMUNITY SERVICES</u></b>								
Community Development	129.60	103.32	102.90	105.10	106.42	108.30	113.500	<b>99.275</b>
Economic Development	4.70	3.64	4.75	4.64	4.64	4.69	4.675	<b>4.575</b>
Human Services	44.95	40.57	40.67	43.97	43.97	52.32	52.800	<b>51.800</b>
Transportation and Operations	137.10	115.60	116.15	113.40	112.90	116.15	116.025	<b>103.105</b>
Parks and Recreation	74.25	70.10	68.85	67.35	67.35	67.35	69.350	<b>61.850</b>
Housing and Redevelopment	17.35	13.04	14.68	14.54	13.99	12.91	13.725	<b>11.925</b>
<b>TOTAL</b>	<b>407.95</b>	<b>346.27</b>	<b>348.00</b>	<b>349.00</b>	<b>349.27</b>	<b>361.72</b>	<b>370.075</b>	<b>332.530</b>
<b><u>ADMINISTRATIVE SYSTEMS</u></b>								
City Manager’s Office	4.00	3.00	3.00	3.00	2.40	3.00	2.750	<b>1.750</b>
Administrative Systems Office	11.10	5.50	6.50	5.30	5.30	4.70	4.700	<b>3.500</b>
City Attorney	13.00	12.00	11.00	10.75	10.75	10.75	10.500	<b>9.420</b>
City Clerk	10.50	7.50	7.40	6.40	6.30	5.30	5.300	<b>4.250</b>
Finance	30.05	25.40	26.40	25.75	25.75	24.75	24.750	<b>21.650</b>
Information Technology Services	21.00	20.40	20.40	20.40	20.40	21.90	21.900	<b>19.900</b>
Human Resources	21.00	17.00	17.50	17.00	17.00	17.00	17.000	<b>14.000</b>
<b>TOTAL</b>	<b>110.65</b>	<b>90.80</b>	<b>92.20</b>	<b>88.60</b>	<b>87.90</b>	<b>87.40</b>	<b>86.900</b>	<b>74.470</b>
<b>CITYWIDE TOTAL</b>	<b>1032.35</b>	<b>887.57</b>	<b>892.30</b>	<b>884.60</b>	<b>884.17</b>	<b>912.12</b>	<b>919.975</b>	<b>846.000</b>

## Staffing | Permanent Position Summary

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The Police Department staffing level is 15.0 FTEs less than the FY 2008/09 level. The reductions include the elimination of 10.0 Police Officer positions. The remaining reductions include the elimination of 1.0 FTE Police Captain, 1.0 FTE Community Service Officer, 2.0 FTE Office Specialist II positions, and 1.0 FTE Traffic Enforcement Project Manager position.

The Fire Department staffing level is 9.0 FTEs less than the FY 2008/09 level. The reductions include the elimination of 9.0 Firefighter positions.

The Community Development Department staffing level is 14.225 FTEs less than the FY 2008/09 level. The reductions include the elimination of 1.0 FTE Associate Planner, 2.0 FTE Senior Civil Engineers, 1.0 FTE Senior Structural Plan Check Engineer, 1.0 FTE Building and Safety Manager, 1.0 FTE Supervising Construction Coordinator, 2.0 FTE Associate Civil Engineers, 1.0 Civil Engineer II, 1.0 Construction Materials Inspector, 1.0 FTE Supervising Building Inspector, 1.0 FTE Building Inspector Specialist, 1.0 FTE Zoning Technician, and 1.0 FTE Office Specialist II. Three of these positions were frozen/unfunded in the FY 2008/09 budget. The Department will also reduce the hours of three staff members, resulting in a reduction of 0.475 FTEs, consisting of 0.25 FTE Associate Civil Engineer, 0.10 FTE Real Property Agent, and 0.125 FTE Civil Engineer I/II. The remainder of the changes include transferring 0.25 FTE of the Deputy Director of Community Development's staff time from the Office of Housing and Redevelopment, to reflect the reduction in time spent on those activities.

The Transportation and Operations Department staffing level for FY 2009/10 is 12.92 FTEs less than the FY 2008/09 level. The decreases include elimination of 4.0 FTE Park Maintenance Worker II positions, 2.0 FTE Park Maintenance Worker I positions, 2.0 FTE Building Maintenance Worker II positions, 1.0 FTE Street Maintenance Worker II position, 1.0 FTE Street Maintenance Worker I position, 1.0 FTE Park Field Supervisor, 1.0 FTE Management Analyst II, and 1.0 FTE Office Specialist II. The reduction of 13.0 FTEs in the Maintenance Division is offset by an increase of 0.08 FTEs in the Transportation Division due to transferring 0.08 FTE of the City Attorney's time to the Integrated Waste Management budget to reflect time spent on this program.

The Parks and Recreation Department staffing level for FY 2009/10 is 7.5 FTEs less than in FY 2008/09. The Park Maintenance Division is eliminating 1.0 FTE Park Maintenance Worker II position, and 3.0 FTE Park Maintenance Worker I positions, as well as 1.0 FTE Park Equipment Mechanic position. The Recreation Division is eliminating 1.0 FTE Park Planning Manager position, as well as 1.0 FTE Facility and Supply Specialist and 0.5 FTE Senior Accounting Specialist.

The Finance Department staffing level for FY 2009/10 is 3.1 FTEs less than the FY 2008/09 level. The department is eliminating 1.0 FTE Assistant Finance Director, 1.0 FTE Finance Operations Supervisor, and 1.0 FTE Revenue Collector/Auditor. The remaining 0.10 FTE reduction represents transferring 0.10 FTE of the Finance Director's time to the Office of Housing and Redevelopment staffing budget to reflect the time spent working to support the Redevelopment Agency.

The Human Resources Department staffing level for FY 2009/10 is 3.0 FTEs less than the FY 2008/09 level. The department is eliminating 1.0 FTE Benefits/Payroll Manager, 1.0 FTE Office Specialist II, and 1.0 FTE Benefits/Payroll Supervisor.

## **Staffing | Permanent Position Summary**

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The Information Technology Services Department staffing level for FY 2009/10 is 2.0 FTEs less than the FY 2008/09 level. The department is eliminating 2.0 FTE Systems Analyst/Programmer positions.

The City Manager's Office staffing level for FY 2009/10 is 2.2 FTEs less than the FY 2008/09 level. The department is eliminating 1.0 FTE Deputy City Manager position and 1.0 FTE Intergovernmental Relations Manager position. The remaining 0.2 FTE reduction is due to transferring a portion of the Deputy City Manager's time to the Office of Housing and Redevelopment budget to reflect time spent overseeing the Redevelopment Agency.

The Office of Housing and Redevelopment staffing level for FY 2009/10 is 1.8 FTEs less than the FY 2008/09 level. The department is eliminating 1.0 FTE Redevelopment and Housing Project Manager and 1.0 FTE Office Specialist I. The department is also redirecting 0.25 FTE of the Deputy Director of Community Development's time back to the Community Development Department. These reductions are offset by increases to the Office of Housing and Redevelopment through the addition of 0.25 FTE of the Deputy City Manager's time, 0.10 FTE of the Finance Director's time, and 0.10 FTE of the Economic Development Manager's time.

The City Attorney's Office staffing level for FY 2009/10 is 1.08 FTEs less than the FY 2008/09 level. The department is eliminating 1.0 FTE Legal Secretary position and transferring 0.08 FTE of the City Attorney's time to Integrated Waste Management (in the Transportation and Operations Department).

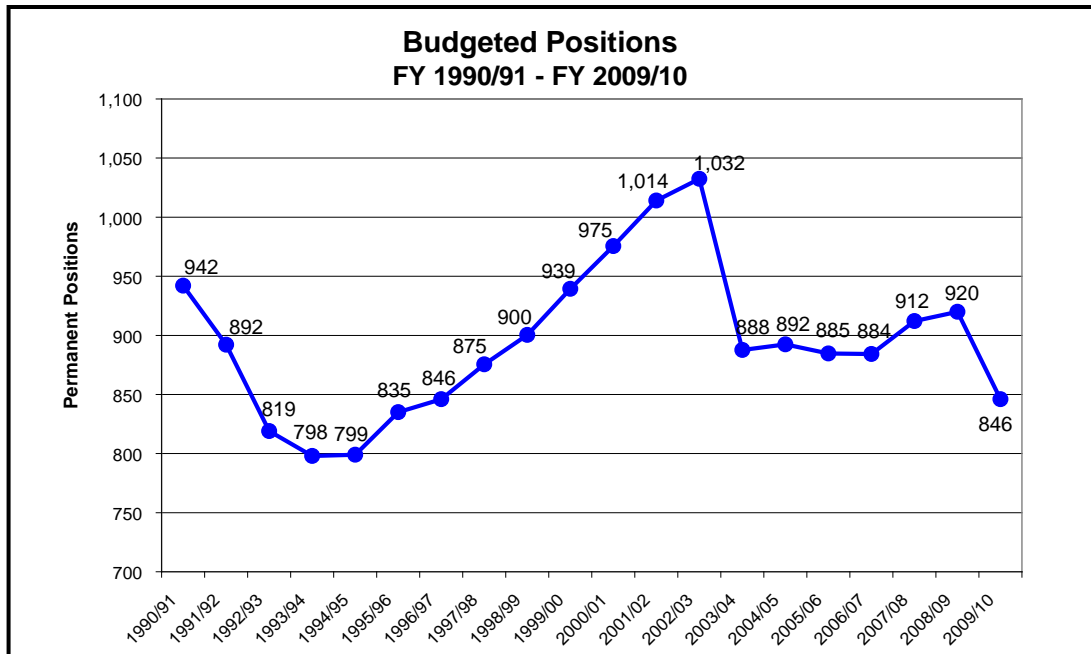
The City's Clerk's Office staffing level for FY 2009/10 is 1.05 FTEs less than the FY 2008/09 level. The department is eliminating 1.0 FTE Office Specialist II. The remainder of the reduction is due to transferring 0.05 FTE of the Deputy City Manager's time to the Office of Housing and Redevelopment budget to more appropriately reflect the time spent in overseeing the Redevelopment Agency.

The Human Services Department staffing level for FY 2009/10 is 1.0 FTE less than the FY 2008/09 level. The department is eliminating 1.0 FTE Office Specialist II position.

The Economic Development Department staffing level for FY 2009/10 is 0.10 FTE less than the FY 2008/09 level due to transferring 0.10 FTE of the Economic Development Manager's time to the Office of Housing and Redevelopment budget to reflect time spent on Redevelopment Agency projects.

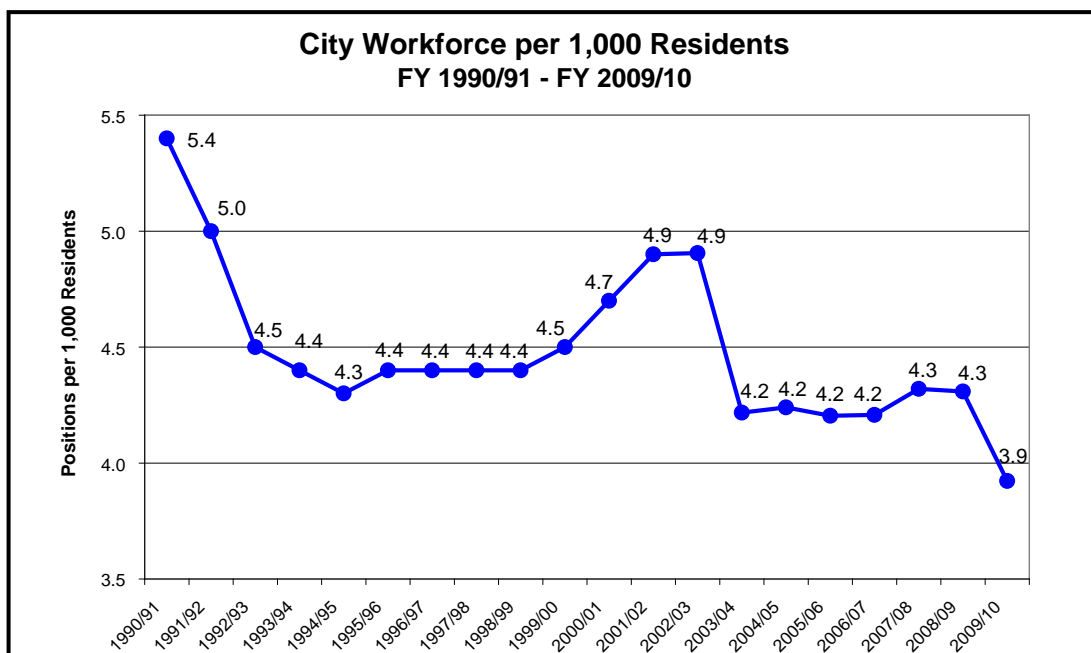
The FY 2009/10 budget contains 846.0 full-time equivalent (FTE) positions, a decrease of 8.0% from the FY 2008/09 level. This reduction in FTEs represents 73.975 positions. In addition to the 73.975 regular FTE positions reductions, the City is also eliminating 29 temporary positions.

## Staffing | Permanent Position Summary



### Historical Perspective

City staffing has remained relatively constant over the past 16 years despite population growth of approximately 36,000 residents, or nearly 21%. Fremont continues to be one of the lowest staffed cities on a per capita basis in Alameda County. The FY 2009/10 budget authorizes 96 fewer positions than authorized by the City Council for FY 1990/91. The above chart shows that since the high point achieved in FY 1990/91, Fremont has reduced its workforce during economic recession, and has been disciplined when adding back staff during economic recovery.



During the FY 1990/91 – FY 1993/94 recession, the City eliminated 144 positions. In the subsequent nine years, as Fremont's population grew and the economy expanded, the City added 234 positions, mostly in police, fire, and maintenance services. In 2003, the City eliminated 224 positions (168 budgeted and 56 part-time or temporary) as a step toward balancing the FY 2003/04 budget as a result of the high-tech recession. The FY 2003/04 authorized staffing level was 14% lower than the FY 2002/03 adopted budget level, and marked the City's lowest permanent staffing level since FY 1997/98. Since FY 2003/04, the City's permanent authorized staffing levels have remained relatively constant, with only minor changes from year to year. The only exception was in FY 2007/08; when critical public safety needs were addressed somewhat by adding some police and fire sworn positions, however, no other General Fund positions have been added. This budget continues the City's historically low staffing and related service levels. The FY 2009/10 budget requires balancing the position level with revenue levels and, therefore, reflects a decrease of 73.975 FTE positions compared to FY 2008/09. The FY 2009/10 staffing level includes reductions in most service areas of the City.

Staffing levels are even steadier when population growth over time is considered. Between FY 1990/91 and FY 1994/95, the City reduced its authorized position count from 5.4 to 4.3 positions per 1,000 residents. Between FY 1994/95 and FY 1998/99, per capita staffing stayed constant before the economic expansion later in the decade allowed the City to restore some of the services lost because of the early 1990s recession. The 2001/02 economic recession again forced reduction in the City's per capita staffing to its lowest levels ever – 4.2 FTE per 1,000 residents. In FY 2009/10, authorized staffing will be reduced to 3.9 FTE per 1,000 residents, the lowest level in the City's history.

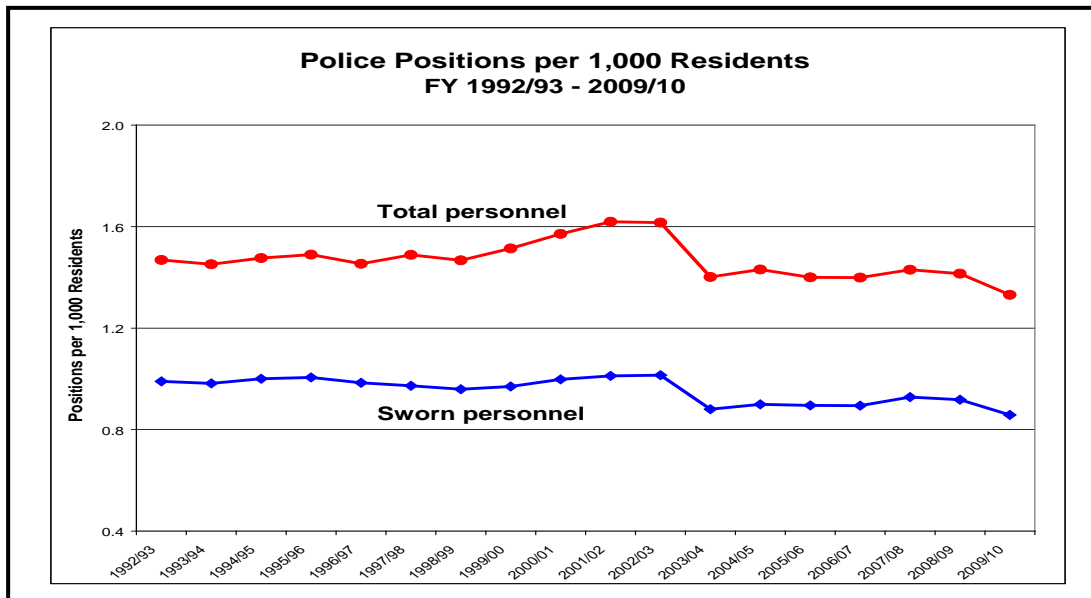
The City of Fremont maintains an extremely low ratio of budgeted positions to residents. Fremont's low staffing ratio is driven by resource limitations, and due to the severity of the recession, will result in service reductions to the community. Fremont has less per capita revenue to pay for basic public safety and maintenance services than other larger California cities, its neighboring cities, and other cities known for their high quality of life. Through FY 2007/08, Fremont's workforce was the lowest per capita staffing in the area. Because many neighboring cities are also reducing their workforce and services, it is difficult to know how Fremont compares to other cities for FY 2009/10. However, with an 8% reduction in staff in one year, it is likely that Fremont's staff level has not improved in comparison to neighboring communities.

### ***Police***

Police Department staffing has decreased by 5% compared to FY 2008/09. This level is 50.75 fewer FTE positions than budgeted in FY 2002/03 and continues the all-time low per capita staffing of 0.86 sworn officers per 1,000 residents for the seventh consecutive year. This represents 10% less police officer coverage than the one officer per thousand residents available in each of the five years prior to FY 2003/04. This continuing low service level is illustrated by the graph on the next page.

The Police Department reductions will mean that most shifts will be staffed at safety minimums rather than service minimums. The community will experience delays in responses to less critical crimes such as theft or drug- and alcohol-related crimes.

## Staffing | Permanent Position Summary



The department will reduce front desk and lobby hours to Monday through Friday from 8:00 a.m. to 5:00 p.m. only, which will mean that the public will only be assisted during normal City business hours. The Citizen's Ride-along and National Night Out programs will be reduced or eliminated, and possible suspension of the Street Crimes Unit may result in a significant reduction in proactive arrests and the ability to address crime trends.

These significant reductions will negatively impact the department's ability to respond to calls for service in the community.

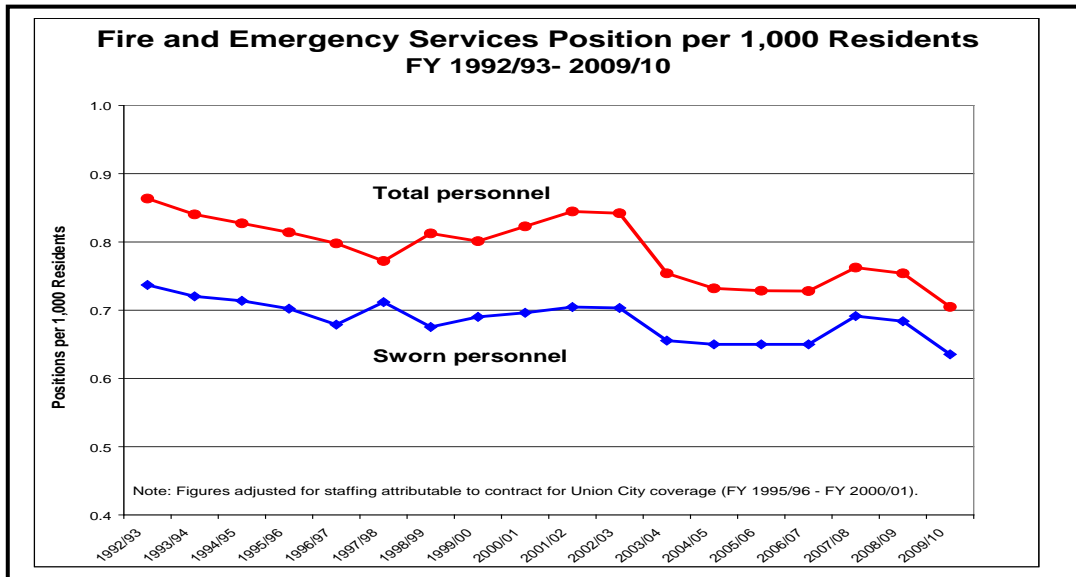
### *Fire*

Fire Department FY 2009/10 staffing will be reduced by 9.0 FTE positions from the FY 2008/09 level. The number of sworn positions will remain at 0.6 firefighters per 1,000 residents. As shown on the next page graph, this represents a 23% decline from the per capita staffing level of 0.9 positions per 1,000 residents in FY 1991/92.

The elimination of 9.0 Firefighter positions will result in scheduling rotating fire station closures, otherwise known as brownouts. The station closures could increase response times for fire and emergency medical calls, resulting in the possibility of larger fires and poor outcomes on medical aid calls.

In FY 2009/10, Fremont continues to budget one of the lowest sworn fire employees ratio per 1,000 residents than any city located in either Alameda or Santa Clara Counties. Another service efficiency measure is the average number of square miles served by each fire station. Fremont's Fire Department serves 92 square miles with only 11 fire stations, an average of one fire station per eight square miles. By comparison, Oakland averages one fire station for every two square miles, San Jose averages one station for every six square miles, and Hayward averages one station for every seven square miles.





## Maintenance

For FY 2009/10, maintenance staff is decreasing by 18 FTE positions. This decrease is a combination of reductions of thirteen positions in the Maintenance Division of the Transportation and Operations Department, and five positions in the Parks Maintenance Division of the Parks and Recreation Department. Low staffing continues to hinder City efforts to maintain its parks, urban forestry, streets, and public buildings.

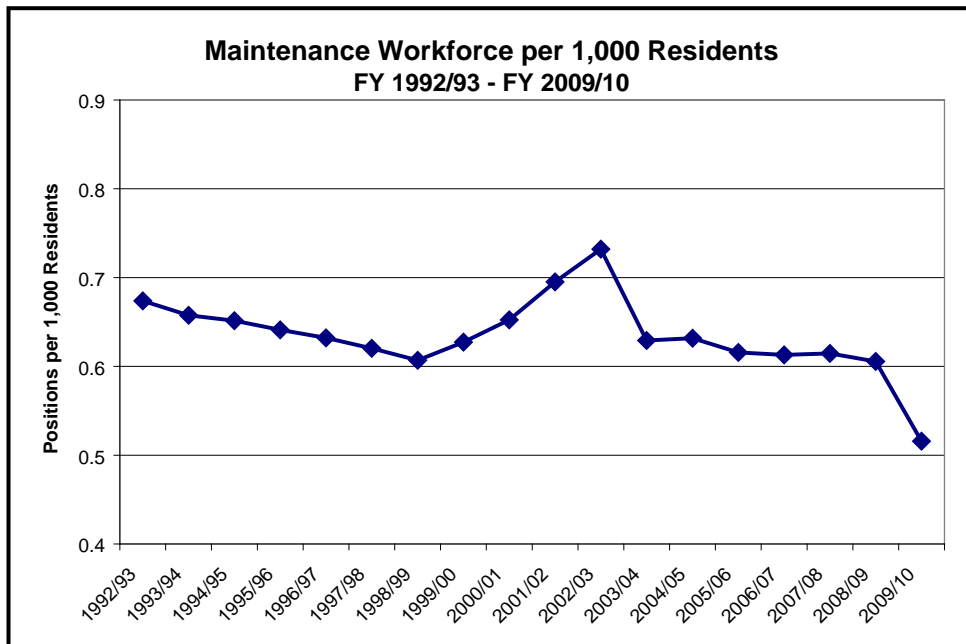
Maintenance staffing relative to population has decreased over time. However, maintenance demands related to public buildings, streets, parks, and street trees have grown tremendously. The following table illustrates this growth.

FY 2009/10 Maintenance Statistics			
Asset	FY 1993/94	FY 2009/10	Percent Change
Public Buildings	581,500 sq. ft.	905,297 sq. ft.	56%
Streets	778 lane miles	1,100 lane miles	41%
Trees Along Streets	35,000 trees	46,000 trees	31%
Park Land	810 acres	1,067 acres	32%

As with Police and Fire staffing, the 0.5 maintenance workers per 1,000 residents proposed for FY 2009/10 matches the lowest ratio for these services in the City's history. The continuing effects of the City's elimination of 42,000 budgeted part-time/seasonal labor hours (an additional 21 FTE positions) in FY 2003/04 means maintenance service capacity will continue to be diminished for the foreseeable future.

## Staffing | Permanent Position Summary

The community will experience further deterioration in its road conditions, sidewalks, and reductions in completion of sign repairs, lane striping, and legend painting. The department will reduce median maintenance, causing unsightly and worn landscaping. In addition, the City will no longer provide street tree maintenance. Instead, property owners will be required to take on this responsibility. Maintenance at Central park will be greatly reduced, the temporary skate park will not open, lawn edging and leaf blowing cycles will be extended, and trash and litter pick-up schedules will be reduced, which may result in overflowing trash cans and increased citizen complaints.



### *Community Development*

For FY 2009/10, staffing from Community Development activities will be reduced significantly. Unlike other departments, the Development Cost Center is more severely impacted by the recession on a revenue collection basis, which is reflected by its 25% reduction in permit fee revenue over the last year. Staffing reductions of 14.3% (or 14 regular positions) from the FY 2008/09 level, are necessitated by the cost center's environmental dynamics. In the severe economic times we are experiencing, staffing is expected to be reduced to correspond with the reduction in permitting activity. The staff reductions, however, may result in slower response times to customer requests.

### *Other Citywide Reductions*

Reductions in staff are being made across most levels of the organization for FY 2009/10. The impacts of these reductions mean that some of the City's current programs may be reduced, and those that are not eliminated may result in slower responses to citizen requests. Some of the impacts of the reductions for FY 2009/10 may not be recognized until the organization experiences the reality of the reduced workforce.

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### Policies and Practices

The City of Fremont budget and financial policies are subject to California State law, generally accepted accounting principles, and the City Council. The standards set by these authorities establish budget calendar dates, provide for budget control, describe the budget amendment process after budget adoption, and identify appropriate methods for budgeting, accounting, and reporting. The City's resources and appropriations policies are extensions of the laws established by the State of California through the City Council and follow generally accepted governmental accounting principles (GAAP) and budgeting practices.

Budget practices and policies are reviewed to ensure that current financial practices are in place. Areas for future policy development and updates may include post-retirement benefits and a periodic review and update of the City's existing reserve policies.

### Budget Practices

#### *Budget Process and Calendar*

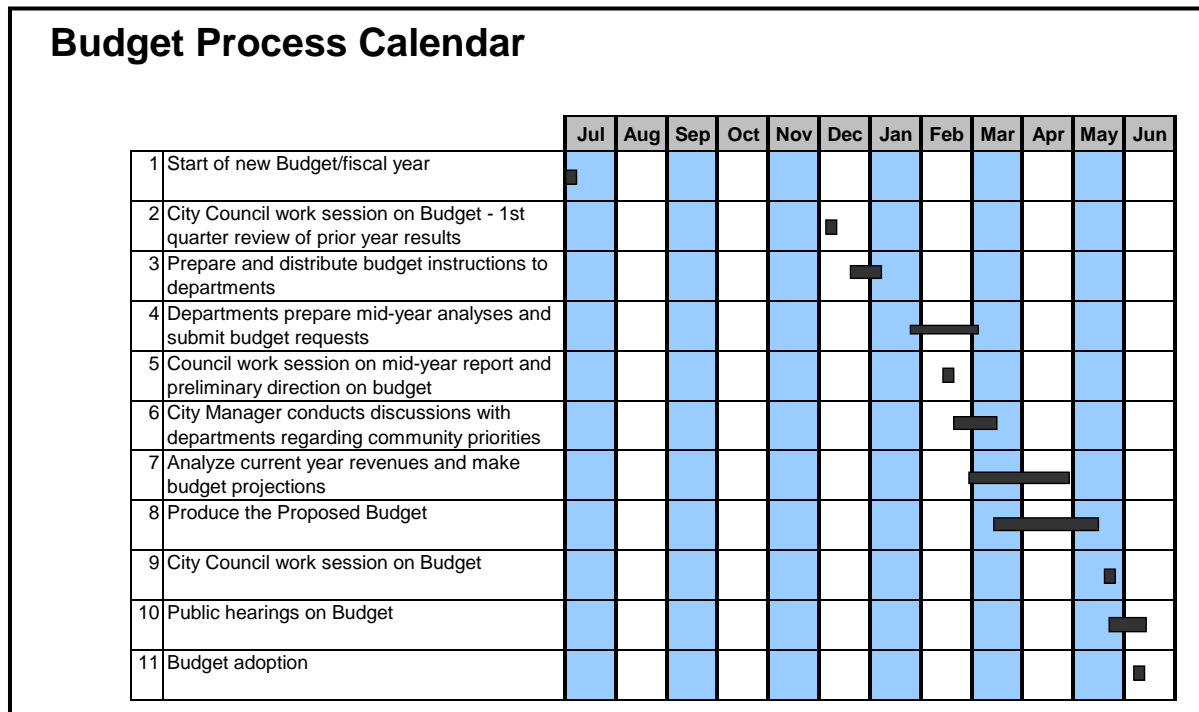
The budget process enables the City Council to make resource allocation decisions, including choices about staffing, technology, equipment, and priorities to be addressed in the coming fiscal year. The City of Fremont's Annual Operating Budget is adopted by the City Council by July 1 each year. Although the City Council first reviews the budget in May, the City Manager's Office, the Finance Department, and other departments begin to prepare it at least six months prior. Throughout the year, staff provides quarterly revenue projections and updates on the City's financial performance, and continues to assess City needs. In producing the budget, the Budget Team receives input from the public, City Council, and staff.

In December, the City Manager provides an update to the City Council on the current year's budget and outlines policy issues facing the City. Together, they establish objectives for the upcoming year. At the mid-year budget review in February, the City Council provides feedback and direction regarding proposed priorities for the future programming of General Fund resources. With this direction and the Finance Department's revenue projections, each department prepares a proposed budget. The Budget Team works closely with department managers to ensure that budgets reflect the City Council's interests, priorities, and goals.

Several weeks before the budget is adopted, the City Manager presents the budget for the coming year to the City Council along with information on current year accomplishments and future year goals. Copies of the proposed budget documents are available to the public at public hearings, and they are also available in the City Clerk's Office, at public libraries and on the City's website. The City Manager presents the budget to the City Council in a televised public forum. Included in the City Manager's presentation are an update of the City's financial position and long-range plan; a review of the national, State, and local economies; a discussion of financial policies; and an update on department activities. After reviewing the proposed budget and receiving public comment at public hearings, the City Council may direct staff to revise the proposed budget. On or before June 30, the

City Council votes to adopt the budget, including any revisions to the proposed budget. At any time after the adoption of the budget, the City Council may amend or supplement the budget.

Upon final adoption by the City Council, the budget becomes the legal authorization for the various departments to expend resources, subject to conditions established by the City Manager and City Council. Through a resolution adopted by the City Council, the City Manager is authorized to transfer appropriations as needed from any account in the budget to any other accounts within the same fund to meet overall budget requirements. This resolution further authorizes the City Manager to transfer funds designated as “Transfers” in appropriate increments and intervals. The City Council has adopted several financial and budgetary policies, which address debt, reserves, and spending authorizations, and which help guide long-term planning. These policies are outlined in further detail throughout this section.



### ***Citizen Participation***

Citizens of Fremont participate in the budget planning process in various ways, such as participation on Council-appointed boards and commissions, attending budget study sessions and public hearings, or meeting with City staff. Quarterly study sessions to review the City’s budget and discuss relevant policy issues are held as public meetings.

Public hearings for the budget adoption occur at the end of May and the beginning of June. Citizens have the opportunity to speak about budget issues at these hearings and at any City Council meeting during the year. All Council meetings and budget study sessions are televised on the local cable access channel.

The City Council heard a presentation of the City Manager's proposed FY 2009/10 budget at a televised work session on May 26, 2009. Televised public hearings were held on June 2 and June 9, 2009. The Redevelopment Agency's budget and the City budget were adopted on June 9, 2009.

### ***Other Major Planning Processes***

The budget is one of three major Citywide planning tools. The General Plan, which governs land use and development, and the Capital Improvement Program (CIP) are the other two. Each planning process informs the others, and together they enable coordinated planning for operating City services, maintaining the City's investment in public infrastructure, and developing land consistently with community interests.

The City began the process of updating its General Plan in the spring of 2006. A current General Plan can improve the City's fiscal health and enable more accurate revenue forecasting by clarifying the City's goals for land use development. The Plan thereby provides the framework for City revenue potential and service planning. The process of updating the General Plan will include many opportunities for public participation, including visioning and review of Plan elements as they develop. Each component will be informed by financial implications of alternative decisions, and will thereby influence budget discussions in each year of the process.

The CIP planning process takes place every two years. The product is a funded five-year plan for building and maintaining City infrastructure. While the CIP keeps a five-year planning horizon, it appropriates funds for a two-year period. The current CIP was adopted on June 9, 2009, and appropriated the funds for projects and maintenance activities for FY 2009/10 and FY 2010/11. Therefore, the capital funding information, which is on a concurrent schedule with operating budget adoption, is included in the adopted budget when it is published, and includes information from the FY 2009/10 – FY 2013/14 CIP.

Including maintenance in the capital budgeting process is intended to overtly balance the planning for capital improvements with funding needs to maintain existing infrastructure. The amount of General Fund to be transferred to the CIP is determined in the annual Operating Budget process, and may vary annually from the amount projected as revenue in the CIP. However the CIP expenditure appropriation does not change without specific City Council action. The process for adopting the FY 2009/10 – FY 2013/14 CIP began during the summer of 2008. Appropriations reflect any changes in other City funding capabilities. Conversely, the capital projects adopted in the FY 2009/10 – FY 2013/14 CIP will inform the FY 2009/10 Operating Budget.

### ***Basis of Budgeting***

The City uses a multi-year financial forecast model to ensure that current budget decisions consider future financial implications. The basis for the multi-year forecast projections is current year estimated revenues and expenditures.

**Revenues:** The City receives revenues from a variety of sources. Property tax, sales tax, and vehicle license fees comprise 75% of the General Fund, but are controlled by the State Legislature. The City receives the balance of its revenues from local taxes, fees, charges for services, and transfers from other funds for General Fund services. Revenue projections for the coming budget year are comprised of the estimated actual revenue projected for the current year, multiplied by the factor by which the revenue is projected to grow or decline, based on current economic information.

The City has a long-standing practice of dedicating one-time revenues to fund a variety of one-time projects. Increases in the General Fund associated with one-time revenues are not programmed for ongoing operations in the multi-year forecast. This ensures that future revenues and expenditures are reasonably projected.

**Fees & Charges:** The City charges for some services at rates that, where possible, match the cost of providing the service. Several departments charge for services such as hazardous materials checks, animal vaccinations and sterilization services, and counseling.

**Expenditures:** The City budgets at the governmental fund level, and funds are grouped for budget presentation. Major fund groups include the General Fund, Cost Center/Internal Service funds, Special Revenue funds, Redevelopment Agency funds, and Capital funds.

While all funds budgeted are included in the operating budget, this document focuses on the General Fund, which contains the majority of the City's discretionary resources for basic services such as police, fire, and maintenance. Departmental base budgets for a given budget year are determined by:

1. starting with the adopted budget for the prior year,
2. reducing the adopted prior year budget for any one-time appropriations the department received,
3. multiplying the adjusted budget by percentage factors for cost increases associated with negotiated bargaining unit agreements and inflation, and
4. implementing any necessary service reductions or enhancements determined by the City Manager.

City funds are budgeted on the modified accrual basis of accounting. This method recognizes revenues when they become measurable and available to finance expenditures of the period. Expenditures are recorded when the related fund liability is incurred with the exception of principal and interest on long-term debt, which are recorded when due.

### ***Basis of Budgetary Accounting***

The basis of budgetary accounting that follows describes how the City presents the estimated revenues, budgeted expenditures and expenses, and capital asset purchases in this budget. This description can help the reader understand the differences and similarities in the budget presentation of such financial elements compared to how they are presented in other City publications, such as the City's CIP or its annual Comprehensive Annual Financial Report (CAFR).



The City uses a “fixed budget” presentation which establishes a spending cap at the fund level, with departmental budgetary guidelines. Department budgets cannot be exceeded without special authorization (see Budget Practices at page 212). This operating budget is adopted for the 2009/10 fiscal year, in contrast to the CIP, which was adopted on June 9, 2009, and covers two fiscal years. The fiscal years before and after FY 2009/10 shown in the operating budget are for contextual purposes only and are not adopted by the City Council in its budget resolution for FY 2009/10.

The budget is generally prepared on the same basis of accounting used by the City in its CAFR. Definitions for several of the following terms may be found in the Glossary. This terminology comes from the accounting standards used for governments which are established by the Governmental Accounting Standards Board (GASB). These standards constitute generally accepted accounting principles (GAAP) for local governments.

Although legally separate entities from the City, the Redevelopment Agency, the Fremont Public Financing Authority (PFA) and the Fremont Social Services Joint Powers Authority (JPA) are component units of the City under GAAP. These entities are considered component units because of the degree of control exercised by the City (the City Council and City staff serve as the governing boards and staff, respectively, for these entities) and their financial dependence on the City. The JPA’s budget is included in the Human Services Department budget. The payment obligations of the PFA are set by the debt instruments underlying the obligations so they are not included in the budget.

In the Required Supplementary Information section of its CAFR, the City compares actual revenues and expenditures for the accounting period to both the originally adopted budget and the final budget (the adopted budget with any mid-year adjustments) for estimated revenues and expenditure appropriations. These comparisons, made for the General Fund, the Redevelopment Agency Operating Fund, the Low and Moderate Income Housing Fund, the Development Cost Center Fund, and the Recreation Services Fund, show the City’s compliance with the expenditure caps at the legal level of control. A copy of the City’s CAFR for the fiscal year ended June 30, 2008, may be obtained by contacting the City’s Finance Department.

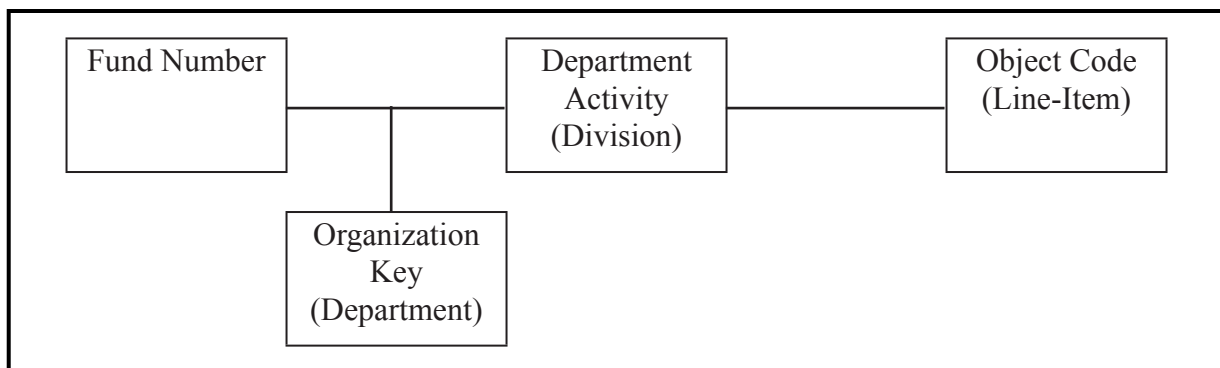
Expenditures are budgeted in the governmental funds on the modified accrual basis of accounting and expenses are budgeted in proprietary funds on the full accrual basis of accounting. The primary difference between the two bases of accounting is that “expenditures” emphasize the reporting of financial resource outflows (cash and cash-like resources) in the period in which they are disbursed, while “expenses” emphasize the matching of the obligation to disburse economic resources (cash and all other assets causing a change in fund net assets) to the period in which the obligation was incurred by the City.

Capital asset acquisitions are shown somewhat differently in the budget than in the CAFR. “Capital Assets” are used in the City’s operations, have an estimated useful life of more than one fiscal year, and cost \$5,000 or more. These long-lived assets include land and buildings and their improvements, vehicles, machinery and equipment, and streets and sidewalks. The City’s planned capital asset purchases are shown in two places in the Budget: (1) in the departmental capital outlay for capital assets to be purchased from annual operating appropriations during the budgeted fiscal year, and (2) in

the Capital Budget Summary (CIP) for capital assets to be acquired over several years or which involve particular financing plans. In the CAFR Fund Financial Statements, all capital asset acquisitions are reported in the governmental funds acquiring them as “Capital Outlay” on their operating statements, and in the proprietary funds the acquiring funds report their acquisition as uses of cash on their statements of cash flow (the assets are also capitalized on their balance sheets).

### ***Budget Account Structure***

Budget transactions occur under an established account code structure organized by funding source (fund/fund number). An account code is comprised of eleven numbers, which represent the fund, department/division activity code, and object code. A combined fund number and department activity code result in a department account number called an organization key (org. key). Object codes describe the transaction type within the fund and department. The account code structure can be best summarized in the following diagram:



### ***Operating/Capital Expenditure Accountability***

The annual budget sets appropriations by fund or with further allocation by department or program. At the fund level, expenditures may not legally exceed appropriations. The City Manager is authorized to transfer budgeted amounts between departments or programs within any fund. The City Council may adopt supplemental appropriations during the year.

The annual budget resolution authorizes the City Manager to increase appropriations for operating expenditures for the Development Cost Center and Recreation Cost Center when quarterly fee revenue in those funds exceeds the amount estimated at the time of budget adoption because of increased activity. All other revisions or transfers that alter the total appropriations of other funds must be approved by the City Council.

The City maintains a multi-year forecasting model for operating revenues and expenditures, and also produces a five-year capital plan that includes debt service. The multi-year forecast is regularly updated to reflect current revenue and expenditure assumptions and is presented to the City Council after the first fiscal quarter, at mid-year, and during the budget process for the next fiscal year. The City’s five-year capital plan is updated every two years.

### **Long-Term Financial Planning**

The City Council continues to focus on the long-term benefits of transportation infrastructure improvement, recruitment of consumer retail uses to balance the City's business-to-business sales tax base, and development of a pedestrian-oriented urban center in the City's Central Business District. Significant resources have been invested in the City's estimated share of freeway interchanges. Four interchanges were constructed using local funds to allow the completion of extensive freeway investments funded by the County, the State, and the federal government. This investment and final interchange structure will complete the upgrades to I-880 through Fremont. Construction also began on two grade separation projects that will increase safety, reduce congestion, and facilitate the extension of the Bay Area Rapid Transit District commuter rail system south to the City's Warm Springs district and, eventually, to San Jose.

Previous years allowed the City to accumulate balances in the development impact fee funds intended for infrastructure and improved amenities in the community. The park development impact fee funds also accumulated adequate funding for a significant park improvement program. Upon stabilization of the State budget situation, the City Council will develop plans to balance the maintenance and operational cost impacts of acquiring or developing parkland. These plans will be consistent with standards in the City's park master plan.

### ***Cash Management***

Cash temporarily idle during the year is invested in obligations of the U.S. Treasury and agencies of the federal government, commercial paper, corporate bonds, banker's acceptances, qualifying mutual funds, and the State Treasurer's investment pool. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the City plans to hold to maturity. Because it is the City's practice to hold investments to maturity, unrealized investment gains and losses are not included in the budget until such time as they actually occur. Pursuant to State law, the City's investment policy is adopted by the City Council annually.

### ***Risk Management***

The City of Fremont uses a risk management program to reduce its workers' compensation and general liability claim costs. The City employs a professional risk manager, a safety coordinator, and staff, supplemented by professional claim administration firms, to minimize losses. The City participates in two multi-agency joint powers authorities to provide excess insurance coverage, one for general liability coverage and one for workers' compensation coverage. The joint powers authorities and the City rely on estimates prepared by professional actuaries to set aside funds adequate to meet potential losses. Excess coverage provided by the joint powers authorities covers claims in excess of \$500,000 for both general liability and workers' compensation claims.

### ***Pension and Post-employment Benefits***

The City provides pension and medical benefits for its public safety and non-safety employees through two contracts with CalPERS. The contracts include benefit levels negotiated by the City with its employee units and for which it has executed contract amendments. The plans also include some benefit levels approved by the State Legislature without contract amendment and funding mechanisms approved by the CalPERS Board of Administration. The City also provides post-retirement benefits in the form of limited contributions toward health insurance costs for certain retirees based on the provisions of labor agreements in effect at the date of the employees' retirement.

### **Reserve or Stabilization Accounts**

Reserves accumulated during years when revenues exceeded expenditures cushion the City's transition to a lower revenue base and allow the City to adjust spending in response to economic downturns and State revenue takeaways. The General Fund maintains three reserves: the Contingency Reserve, the Program Investment Reserve, and the Budget Uncertainty Reserve. The City also maintains reserves for fee-based cost center operations and certain other special revenue funds, including the following:

- Development Cost Center Contingency Reserve
- Development Cost Center Technology and System Improvement Reserve
- Integrated Waste Management Disposal Differential Reserve
- Integrated Waste Management Post-Disaster Debris Removal Reserve
- Urban Runoff Clean Water Program Contingency Reserve
- Recreation Cost Center Contingency Reserve
- Recreation Cost Center Operating Improvement Reserve

### ***General Fund Contingency Reserve***

Contingency Reserve funds help mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Contingency Reserve also serves as back-up liquidity to the Risk Management Fund if this need were to arise. The Contingency Reserve was previously funded at a level at least equal to 12.5% of annual operating expenditures and transfers out. For FY 2009/10, this level will drop to 10% and the difference will be transferred to the Budget Uncertainty Reserve. All uses of the Contingency Reserve must be approved by the City Council. Any such uses are to be repaid to the Contingency Reserve over a period of no more than three years. (Adopted by the City Council on June 9, 2009)

### ***General Fund Program Investment Reserve***

The Program Investment Reserve provides a source of working capital for the following:

- a. New programs or undertakings that have the potential for receiving significant funding from outside sources.
- b. Organization retooling, process improvement, and strategic entrepreneurial opportunities.

The Program Investment Reserve is funded at a level at least equal to 2.5% of annual operating expenditures and transfers out. All uses of the Program Investment Reserve must be approved by the City Council. Any such uses are to be repaid to the Program Investment Reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. (Adopted by the City Council on June 4, 1996)

### ***General Fund Budget Uncertainty Reserve***

The General Fund Budget Uncertainty Reserve is targeted to offset quantifiable revenue uncertainty in the multi-year forecast. The long-term funding level for this reserve is determined by measuring the level of financial risk associated with the following three areas of uncertainty:

1. Revenue risks: Revenues falling short of budget projections may cause shortfalls. Transitional funding is also necessary to respond to reductions in major revenues due to local, regional, and national economic downturns (estimated to take one to three years).
2. State budget risks: There is a strong possibility that the State may implement budget solutions that legislatively reallocate intergovernmental revenues from local jurisdictions to the State (in the absence of guarantees or constitutional protection of these revenues). These include property taxes, sales taxes, vehicle license fees, gas taxes, grants, and reimbursements.
3. Uncontrollable costs: The City requires a source of supplemental funding for further increases in CalPERS retirement rates that result from CalPERS investment performance that falls short of actuarial assumptions. In addition, there may be other cost increases that are beyond the City's control (e.g., various fuel and utility charges).

All uses of this reserve must be approved by the City Council. If the risk factors described above are eliminated as a result of new revenue sources, legislation, or major changes in economic conditions, the basis for the reserve will be reviewed and the funding level may be adjusted accordingly. In the event the reserve has accumulated funding beyond the established level reasonably required to offset the risks above, excess funds will be designated for capital projects, budgeted for service enhancement, or returned to the General Fund available fund balance. (Adopted by the City Council on June 4, 2002, and modified on June 10, 2003)

### ***Development Cost Center Contingency Reserve***

The Development Cost Center maintains a contingency reserve for operations to help mitigate the effects of economic downturns and errors in financial forecasting. The contingency reserve is funded at a level at least equal to 15% of the annual operating expenditures for engineering, planning, and building and safety. All uses of the contingency reserve must be approved by the City Manager. Any such uses are to be repaid to the contingency reserve over a period of no more than three years. (Adopted by the City Council on June 3, 1997)

### ***Development Cost Center Technology and System Improvement Reserve***

The City Council may appropriate an annual contribution from the Development Cost Center to a Development Cost Center technology and system improvement reserve to provide a source of capital for the following:

- Ongoing hardware and software acquisition
- Technology investment
- System improvement

The technology and system improvement reserve was funded initially at a level of \$1 million. This level of reserve is maintained to the extent market conditions and revenues permit. The City Manager recommends annually an amount to be contributed to such a reserve. All uses of the reserve must be approved by the City Manager. (Adopted by the City Council on June 3, 1997)

### ***Development Cost Center Unallocated Fund Balance***

When annual fee revenues exceed expenditures and amounts needed to maintain the Development Cost Center reserves at planned levels, the Community Development Department will evaluate the development fee structure during the subsequent fiscal year. The evaluation will take into account equity to fee payers, changes in fee structures to encourage compliance with safety codes, economic forecasts for development and maintenance of responsive, and high-quality customer services. The purpose of this evaluation will be to develop recommendations regarding possible reductions in fee levels that would be funded through use of the unallocated fund balance for the budget year that begins twelve months after the end of the fiscal year that results in an unallocated fund balance. (Adopted by the City Council on June 3, 1997)

### ***Integrated Waste Management Disposal Differential Reserve***

The Integrated Waste Management Disposal Differential Reserve represents the difference between disposal fees collected through the solid waste rates in 2004 and 2005 and actual disposal expenses paid. This reserve arose because the delay in transitioning solid waste disposal from the landfill to the higher cost transfer station resulted in fees being collected but not used. This reserve will be used to partially offset transfer station disposal fees (thereby reducing ratepayer costs) during



the 2006 through 2009 rate period and possibly beyond if actual disposal volumes are lower than staff projections. The use of the disposal differential reserve for specific rate years will be determined by the City Council with the setting of biennial solid waste collection rates. (Adopted by the City Council on July 11, 2006)

### ***Integrated Waste Management Post-Disaster Debris Removal Reserve***

(formerly the Integrated Waste Management Contingency Reserve)

City Council policy is to maintain an Integrated Waste Management post-disaster debris removal reserve of \$2.5 million to support post-disaster debris management. In the event of a natural disaster, this will provide a source of funds for disaster response and clean up efforts with the objective of recycling, reusing or otherwise diverting disaster debris from the landfill to the greatest extent possible. The reserve will fund immediate response and recovery activities, support local diversion policy goals, conserve valuable natural resources, preserve landfill space, and possibly decrease recovery time. The reserve amount will be evaluated with the setting of biennial solid waste collection rates during even years. (Adopted by the City Council on July 11, 2006)

### ***Integrated Waste Management Unallocated Fund Balance***

The Integrated Waste Management unallocated fund balance will be maintained to fund unexpected costs associated with providing solid waste services that occur between rate setting periods, and to provide a potential source of funding for future purchase of the transfer station/material recovery facility, should that occur. Unexpected costs associated with providing solid waste services can result from such causes as (including but not limited to) changes in law, extraordinary circumstances (as defined in the various solid waste contracts), transition of solid waste disposal from the Tri-Cities Recycling and Disposal Facility (landfill) to the Fremont Transfer Station, and implementation of new or expanded solid waste programs or environmental initiatives (e.g., sustainability element of the General Plan). The unallocated fund balance will be maintained at a level equal to at least 8% of the annual revenue of the solid waste collection contract. This unallocated fund balance will serve as a mechanism for managing and stabilizing rates over time by eliminating the need to fund unexpected costs with immediate solid waste rate changes. It may also provide a source of funding for future purchase of the transfer station/material recovery facility, should that occur. The fund balance will be evaluated with the setting of biennial solid waste collection rates during even years to determine whether adjustments in fee levels may be warranted. (Adopted by the City Council on July 11, 2006)

### ***Urban Runoff Clean Water Program Contingency Reserve***

City Council policy is to maintain a \$300,000 contingency reserve to respond to unfunded events such as changes in law, new initiatives, fluctuating program costs, and changing program requirements. The contingency fund balance will be evaluated on a biennial basis to determine if the level is appropriate. (Adopted by the City Council on June 1, 1999)



### ***Urban Runoff Clean Water Program Unallocated Fund Balance***

Unallocated Urban Runoff Clean Water Program funds will be used to support a multi-year focused watershed management program to enhance the Regional Water Quality Control Board's storm water quality standards. Program components may include erosion control, community education, and storm water management techniques to improve the quality of water through the watershed. The unallocated fund balance will be evaluated on a biennial basis as to the levels necessary to support project objectives. (Adopted by the City Council on June 1, 1999)

### ***Recreation Cost Center Contingency Reserve***

City Council policy is to maintain a Recreation Cost Center contingency reserve for operations to help mitigate the effects of economic downturns and natural disasters, to maintain full-time staffing levels during temporary loss of program facilities, and to deliver prepaid recreation services. The contingency reserve will be funded at a level at least equal to 25% of the Recreation Division's annual operating expenditures. All uses of the contingency reserve will be approved by the City Manager. Any such uses will be repaid to the contingency reserve over a period of no more than three years. (Adopted by the City Council on June 3, 1997)

### ***Recreation Cost Center Operating Improvement Reserve***

City Council may appropriate an annual contribution from the Recreation Cost Center to the Recreation Cost Center operating improvement reserve to provide a source of capital for:

- Ongoing hardware and software acquisition
- Capital and/or technology investment
- Process improvement and organizational retooling
- Entrepreneurial program opportunities that have the potential to generate revenues to cover expenditures within a three-year period.

The operating improvement reserve was funded initially at a level of \$1 million. This level of reserve is maintained to the extent market conditions and revenues permit. The City Manager will recommend annually an amount to be contributed to such a reserve. All uses of the reserve will be approved by the City Manager. (Adopted by the City Council on June 3, 1997)

## **Cost Center Spending Authorizations**

### ***Recreation Cost Center Spending Authorization***

When revenue estimates for the Recreation Cost Center exceed the amount identified in the budget due to increases in recreation fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for expenditures in an amount not to exceed the amount of

increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to City Council as part of the results of the annual financial audit. (Adopted by the City Council on June 3, 1997)

### ***Development Cost Center Spending Authorization***

When revenue estimates for the Development Cost Center exceed the amount identified in the budget due to increases in development and fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to City Council as part of the results of the annual financial audit. (Included in the annual resolution in prior years and adopted by the City Council on June 3, 1997)

### ***Development Cost Recovery***

The multiplier rate was established in the 1992/93 fiscal year to recover all department costs associated with an employee's direct chargeable hours on a project. The multiplier concept replaced the flat rate charging system that applied an average departmental charge for all employees. The two principal components of the multiplier rate are the direct chargeable hours and the departmental budget. Direct chargeable hours are specifically attributed to a particular project and exclude hours that are not associated with a project. Chargeable hours are determined based on an estimated percentage of employee-dedicated hours to a chargeable area. The multiplier used to calculate billing rates for planning and engineering services provided by the Development Cost Center is 2.7.

## **Debt Capacity, Issuance & Management**

### ***Short-Term Operating Debt***

Current revenues will cover the expenses associated with the day-to-day operations of the City. However, because the City receives the majority of its property tax revenues twice during the year, and sales tax revenues may fluctuate during the year, the City may experience temporary cash shortfalls. In order to finance these possible cash shortfalls, the City may incur short-term operating debt [typically, Tax and Revenue Anticipation Notes (TRANs)]. The amount of short-term operating debt will be based on cash flow projections for the fiscal year and will comply with applicable federal and State regulations. Operating revenues will be pledged to repay the debt, which will generally be repaid in one year or less. The costs of such borrowings will be minimized to the greatest extent possible. (Adopted by the City Council on February 26, 1996, and reaffirmed on July 7, 1998)

### ***Long-Term Capital Debt***

The long-term capital debt policy sets the parameters for issuing debt and provides guidance in the timing and structuring of long-term debt commitments. In addition to this policy, there is a separate policy

for land-based financings (typically, Mello-Roos community facility districts and local improvement districts) and debt issued by the Redevelopment Agency. The following provisions guide the City's consideration of issuing long-term debt:

1. The City uses debt financing only for one-time capital improvement projects and unusual equipment purchases, and only under the following circumstances:
  - a. When the project is included in the City's five-year capital improvement program and is in conformance with the City's General Plan.
  - b. When the project is not included in the City's five-year capital improvement program, but it is an emerging critical need whose timing was not anticipated in the five-year capital improvement program, or it is a project mandated immediately by State or federal requirements.
  - c. When the project's useful life, or the projected service life of the equipment, will be equal to or exceed the term of the financing.
  - d. When there are designated revenues sufficient to service the debt, whether from project revenues, other specified and reserved resources, or infrastructure cost-sharing revenues.
  - e. Debt financing (other than tax and revenue anticipation notes) is not considered appropriate for any recurring purpose such as current operating and maintenance expenditures.
2. The project priority process used in developing the City's five-year capital improvement program, including criteria used in evaluating projects and project viability, is reviewed by the City Council as part of the biennial update of the five-year capital improvement program.
3. The following criteria is used to evaluate pay-as-you-go versus long-term debt financing in funding capital improvements:
  - a. Factors which favor pay-as-you-go:
    - i. Current revenues and adequate fund balances are available.
    - ii. Project phasing is feasible.
    - iii. Debt levels would adversely affect the City's credit rating.
    - iv. Market conditions are unstable or present difficulties in marketing.
  - b. Factors which favor long-term financing:
    - i. Revenues available for debt service are considered sufficient and reliable so that long-term financing can be marketed with an appropriate credit rating.
    - ii. The project for which financing is being considered is of the type that will allow the City to maintain an appropriate credit rating.
    - iii. Market conditions present favorable interest rates and demand for municipal financings.
    - iv. A project is mandated by State or federal requirements and current revenues and fund balances are insufficient to pay project costs.

- v. A project is immediately required to meet or relieve capacity needs.
  - vi. The life of the project or asset financed is five years or longer.
4. The following is considered in evaluating appropriate debt levels:
- a. General Fund supported debt service will not exceed 7% of total General Fund budgeted expenditures and transfers out.
  - b. The General Fund may be used to provide back-up liquidity to improve the viability of a self-supported debt issue (i.e., not land-based or redevelopment agency financings), but only if the General Fund is not exposed to significant risk of loss of assets or impairment of liquidity. This evaluation of risk will consider such things as the following:
    - i. Volatility and collectability of the revenue source identified for repayment of the debt.
    - ii. The likelihood the General Fund would be reimbursed within one year for any payments it might potentially need to make in its role as back-up guarantor. If the City Council determines the risk of loss of assets or impairment of liquidity to the General Fund to be relatively minimal, self-supported debt service for debt that relies on the General Fund as a back-up guarantor will not exceed 7% of General Fund budgeted expenditures and transfers out. This limitation is separate from and in addition to the debt limitation for general fund supported debt service described in Section 4.a., above.
5. The costs of developing and maintaining a land-based long-term debt policy will be borne by the development community, which uses this type of financing.
6. The costs of developing and maintaining a redevelopment agency long-term debt policy will be borne by the redevelopment agency and will be developed in conjunction with amendments to existing redevelopment project area plans and/or new proposals to issue debt by the redevelopment agency.
7. The City will follow all State and federal regulations and requirements regarding bond provisions, issuance, taxation and disclosure.
8. The adoption of resolutions of intent will be considered whenever bond issuance is contemplated to increase the flexibility related to funding costs related to the project (e.g., project development costs, architectural costs, studies, etc.).
9. Costs incurred by the City, such as bond counsel and financial advisor fees, printing, underwriters' discount, and project design and construction costs, will be charged to the bond issue to the extent allowable by law.
10. The City will seek credit enhancements, such as letters of credit or insurance, when necessary for cost-effectiveness.

11. The City will monitor compliance with bond covenants and adhere to federal arbitrage and disclosure regulations. Any instances of non-compliance will be reported to the City Council.
12. The City will seek to maintain its current bond rating and will ordinarily not consider long-term debt that, through its issuance, would cause the City's bond rating to be lowered.
13. The City will maintain good communications with bond rating agencies about its financial condition and will follow a policy of full disclosure in every financial report and bond prospectus (Official Statement).
14. The City will generally conduct financings on a competitive basis; however, negotiated financings may be used where market volatility or the use of an unusual or complex financing or security structure is a concern with regard to marketability.
15. The City will select a financial advisor and/or investment banker and bond counsel on a competitive basis; these advisors will be retained for at least four years to provide continuity and allow them to develop an understanding of the City's needs. Other outside service providers may be selected by developers or owners, subject to the City's approval. Trustees and/or paying agents will be selected by competitive bid.
16. Interfund borrowing will be considered to finance high priority needs on a case-by-case basis, only when planned expenditures in the fund making the loan would not be affected. Interfund borrowing may be used when it would reduce costs of interest, debt issuance, and/or administration.
17. The term of the long-term debt instrument will not exceed the legal life of the asset or thirty years, whichever is less.
18. Bond proceeds will be invested in accordance with the provisions of the bond indenture. Funds set aside for debt service will only be used for that purpose.
19. In choosing the appropriate long-term debt instrument, cost, economic equity, political acceptability, and flexibility will be considered. Refunds will be considered to reduce interest costs or principal outstanding, or to eliminate restrictive debt covenants. Pooled financings with other government agencies will be considered, as appropriate.

### ***Financing Instruments***

There are many different types of long-term debt instruments available. Depending on the specific circumstances, the City will consider using the following types of financing instruments:

1. General Obligation Bonds - Bonds backed by the full faith and credit of the City. The taxing power may be an unlimited ad valorem tax, subject to State law, or a limited tax, usually on real estate and personal property. A special rate is incorporated in the property tax bill annually to pay for debt service. A two-thirds voter approval is required for authorization. Because it is secured by a tax levy, this structure has strong marketability and lower interest costs.

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2. **Revenue Bonds** - Bonds are secured by revenues generated by the facility that is financed or by dedicated user fees. Voter approval may or may not be required. Planning is more complex because costs and revenues affect each other. Credit enhancement (e.g., insurance or letter of credit) may be needed because of the limited source of debt service payment.
3. **Certificates of Participation** - The City enters into a lease agreement with another party (a lessor, such as a joint powers authority) to lease an asset over a defined period of time at a prearranged annual payment. Voter approval is generally not required. Lease payments are made primarily from general fund revenues. Current law requires the lessee to make lease payments only if the facility has beneficial use. The legislative body has to appropriate annual debt service payments. For the security of the bondholders, a reserve fund is normally established and held by a trustee until all bonds are paid. Interest during project construction must be capitalized. An “asset transfer” structure, whereby an existing facility is used as security to finance construction or acquisition of another project, may be used for flexibility.
4. **Tax Allocation Bonds** - Bonds are secured by property tax increment (property taxes generated on assessed value in excess of the frozen property tax base) in a redevelopment project area. These bonds are issued to promote economic development. Voter approval is not required.
5. **Assessment Bonds** - Bonds are issued to develop facilities and basic infrastructure for the benefit of properties within the assessment district. Assessments are levied on properties benefited by the project. Voter approval is not required. Instead, a majority vote of the property owners with a majority of assessments is needed to authorize the issue. The issuer’s recourse for non-payment is foreclosure. This type of bond is normally not rated. The bonds may be issued under the provisions of the 1911, 1915 or Mello-Roos Bond Act, whichever is most appropriate.
6. **Master Lease Agreements** - The City enters into a lease agreement with a provider to lease equipment or facilities whose useful life is too short to finance with long-term debt. Various pieces and types of real and personal property from different vendors over a period of time can be acquired under one master lease agreement. Interest can be fixed or tied to an index. Financing costs are normally minimal, but the interest cost may be higher than with other instruments.
7. **Vendor-Financed Leases** - A vendor of equipment acts as the lessor and investor, and holds the lease for its full term or may assign the lease. The motivating factor to the vendor is usually to encourage future sales of its product.
8. **Marks-Roos Bonds** - Bonds are issued by a joint powers authority to buy other bond issues. By pooling bond issues, marketability can be improved and administration costs are reduced.
9. **Bond Anticipation Notes** - Notes are issued to provide temporary financing, to be repaid by long-term financing. The bridge financing has a maximum maturity of three years.

(Adopted by the City Council on May 7, 1996, revised and readopted by Council on July 8, 1998)

## Glossary of Budget Terms

### Agency Fund

Agency Funds are used to account for assets held by the City on behalf of others as their agent. Agency funds are custodial in nature (i.e., assets equal liabilities) and do not involve measurement of results of operations. Agency funds are not included in the annual operating budget, but are included in the comprehensive annual financial report.

### Annual Operating Contingency

An account, used at the discretion of the City Manager, to fund emergency or extraordinary items.

### Appropriation

An authorization by the City Council to make expenditures and to incur obligations for a specific purpose within a specific time frame.

### Assessed Valuation

A dollar value placed on real estate or other property by Alameda County as a basis for levying property taxes.

### Audit

Scrutiny of the City's accounts by an independent auditing firm to determine whether the City's financial statements are fairly presented in accordance with generally accepted accounting principles.

### Balanced Budget

The budget for a fund is balanced when total budgeted resources, including revenues, transfers in from other funds, and unallocated fund balance from previous years meet or exceed total budgeted use of resources, including expenditures and transfers out to other funds.

### Base Budget

Under traditional budgeting, the base budget is that amount carried over from one year to the next. Each year, approved amounts may be added to the base budget.



### **Beginning Balance**

Unencumbered resources available in a fund from the prior fiscal year after payment of prior fiscal year expenditures.

### **Bond**

Capital raised by issuing a written promise to pay a specified sum of money, called the face value or principal amount, with interest at predetermined intervals.

### **Budget**

A fiscal plan of financial operation listing an estimate of proposed applications or expenditures and the proposed means of financing them. The budget must be approved by the City Council prior to the beginning of the fiscal year.

### **California Public Employees' Retirement System (CalPERS)**

The retirement system, administered by the State of California, to which all permanent City employees belong.

### **Capital Asset/Capital Outlay**

Land, infrastructure, and equipment used in operations that have initial useful lives greater than one year. The City has set the capitalization threshold for reporting infrastructure capital assets at \$25,000, and for all other capital assets at \$5,000. Expenditures made for Capital Assets are commonly referred to as "Capital Outlay," and are shown in either the CIP (see below) or the department budgets depending on whether the capital asset to be acquired is part of the City's long-term capital management program or needed for daily departmental operations.

### **Capital Improvement Program (CIP)**

The five-year financial plan for improving assets and integrating debt service and capital assets maintenance, adopted in a separate budget document and updated every two years.

### **Certificates of Participation (COPs)**

A lending agreement secured by a lease on the acquired asset or other assets of the City.

### **Consumer Price Index (CPI)**

An indicator of inflation, used in some salary-increase or other calculations.

### **Cost Center**

Cost centers are funds established to account for the transactions and activities related to specific City services, and the fees collected in the cost center are used for the benefit of the fee payers. The Development Cost Center, for example, is a fund that accounts for services related to planning, engineering, and inspection of public and private development construction projects.

### **Debt Service**

Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes, or certificates of participation (COPs).

### **Deficit**

An excess of expenditures over revenues (resources).

### **Department**

An organizational unit comprised of divisions or functions. It is the basic unit of service responsibility encompassing a broad mandate of related activities.

### **Designated Fund Balance**

The portion of fund balance segregated to reflect the City Council's intended use of resources.

### **Encumbrances**

A legal obligation to pay funds for expenditures yet to occur, such as when a purchase order has been issued but the related goods or services have not yet been received. They cease to be encumbrances when the obligations are paid or terminated.

### **Enterprise Fund**

A type of fund established for the total costs of those governmental facilities and services which are operated in a manner similar to private enterprise. These programs are entirely or predominantly self-supporting. The City has a number of enterprises such as the Development Cost Center, the Recreation Services Cost Center, and the Senior Center Cost Center. Also referred to as Proprietary Funds.

### **Expenditure**

The actual spending of governmental funds.

### **Fiscal Year**

A twelve-month period of time to which a budget applies. In Fremont, the fiscal year is July 1 through June 30.

### **Fund**

An independent fiscal and accounting entity with a self-balancing set of accounts, used to record all financial transactions related to the specific purpose for which the fund was created.

### **Fund Balance**

The difference between fund assets and fund liabilities.

### **Gann Limit**

State of California legislation that limits a City's appropriations growth rate to changes in population and either the change in California per capita income or the change in the local assessment roll due to non-residential new construction.

### **General Fund**

The primary fund of the City used to account for all revenues and expenditures of the City not legally restricted as to use. This fund is used to accumulate the cost of the City's general operations.

### **GASB**

Governmental Accounting Standards Board. This is the organization that establishes generally accepted accounting principles (GAAP) for state and local governments.

### **General Obligation Bond**

Bonds backed by the full faith and credit of the City, used for various purposes and repaid by the regular revenue raising powers (generally property taxes) of the City. General obligation bonds require a two-thirds vote of registered voters casting ballots.

### **Grant**

Contributions or gifts of cash or other assets from another governmental entity or foundation to be used or expended for a specific purpose, activity, or facility. An example is the Community Development Block Grant provided by the federal government.

**Hotel/Motel Occupancy Tax**

A tax imposed on travelers who stay in temporary lodging facilities within the City. Also referred to as a Transient Occupancy Tax.

**Infrastructure**

Facilities on which the continuance and growth of the community depend on, such as roads, sidewalks, parks, public buildings, etc.

**Interfund Transfers**

Moneys transferred from one fund to another, such as from a fund receiving revenue to the fund through which the resources are to be expended.

**Internal Service Fund**

An Internal Service Fund provides services to other City departments and bills the various other funds for services rendered, just as would private business. Internal Service Funds are self-supporting and only the expense by an Internal Service Fund is counted in budget totals. Examples of Internal Service Funds are Information Technology Services (ITS), and Risk Management. These funds account for the Risk Management and Information Technology services provided to other City departments on a cost reimbursement basis.

**Local Improvement District (LID) Bonds**

Bonds paid for by special assessments on benefiting property owners for specific capital improvements.

**Materials, Supplies and Services**

Expenditures for items that are ordinarily consumed within a fiscal year.

**Memoranda of Understanding (MOUs)**

The documented agreements resulting from labor negotiations between the City of Fremont and its various bargaining units.

**Multi-year Forecast**

The Finance Department's five-year forecast of revenues and expenditures. The Finance Department updates the forecast three times a year.

### **Non-departmental**

Appropriations of the General Fund not directly associated with a specific department. Expenditure items and certain types of anticipated general savings are included.

### **Object Code**

The line item describing a revenue or expenditure.

### **Objectives**

The expected results or achievements of a budget activity.

### **Operating Budget**

Annual appropriation of funds for ongoing program costs, including salaries and benefits, services and supplies. This is the primary means by which most of the financing, acquisition, spending and service delivery activities of the City are controlled. Reserves and contingencies are also components of Fremont's annual budget.

### **Ordinance**

A formal legislative enactment by the City Council. It has the full force and effect of law within the City boundaries.

### **Other Post Employment Benefits (OPEB)**

Post-employment benefits are those benefits other than pension benefits, including post-employment healthcare (retiree medical) and other non-pension benefits.

### **Overhead**

Charges to various funds to cover the cost of administrative services, rent, custodial services, etc.

### **Proprietary Funds**

City of Fremont activities that operate as public enterprises. Revenues derive from fees charged to users, and the programs are largely cost-covering. Also referred to as Enterprise Funds.

**Redevelopment Agency Fund**

The RDA fund accounts for activities of the Redevelopment Agency (RDA). The RDA is a separate legal entity charged with the responsibility for elimination of blight through the process of redevelopment. The fund receives incremental property taxes and disburses those proceeds for payment of the principal and interest on the redevelopment tax increment bonds issued to finance improvements in the Irvington, Centerville, Niles and Industrial project areas. In addition, California Government Code section 33487, pertaining to redevelopment agencies, requires the Agency to set aside 20% of its tax allocations for improving the community's low and moderate income housing stock. These restricted allocations are accounted for in this fund.

**Reserved Fund Balance**

Accounts used to record a portion of the fund balance as legally segregated for a specific use or not available for appropriation.

**Resolution**

A special order of the City Council, with a lower legal standing than an ordinance.

**Salaries and Benefits**

A budget category that generally accounts for salaries of full-time and temporary employees, overtime, and employee benefits, such as medical, dental, and retirement, with the exception of other post employment benefits, such as retiree medical premium reimbursement.

**Special Revenue Fund**

This fund type is used to account for City revenues from sources that, by law or administrative action, are designated to finance particular functions or activities of government.

**Transfers In and Transfers Out**

Movement of revenue out of one fund and into another. The recipient fund uses the money to cover the cost of services provided (such as when the General Fund transfers money to the Recreation Cost Center) or to cover the cost of a contract between two funds (such as when the General Fund transfers money to the Development Cost Center).

**Undesignated Fund Balance**

Accounts used to record a portion of the fund balance not legally segregated for a specific use and, therefore, available for appropriation.

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# Resolutions

## **RESOLUTION NO. 2009-36**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREMONT APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR JULY 1, 2009 THROUGH JUNE 30, 2010**

WHEREAS, the City Manager has prepared a municipal budget for the fiscal year ending June 30, 2010, entitled “City of Fremont, FY 2009/10 Proposed Operating Budget” (“Proposed Budget”), a copy of which is on file in the office of the City Clerk; and

WHEREAS, the City Council has examined the Proposed Budget, has conferred with the City Manager and appropriate staff in public study sessions, and has deliberated and considered the Proposed Budget during public hearings.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FREMONT  
HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Manager is hereby directed to prepare the final budget, in substantial conformance with the Proposed Budget, and as directed by the City Council, for the fiscal year July 1, 2009 through June 30, 2010. The final budget shall be “City of Fremont, FY 2009/10 Adopted Operating Budget.” The final budget may be referred to as “the Budget,” and a copy of the Budget shall be filed in the office of the City Clerk. The Budget is hereby adopted and approved.

SECTION 2. The City Manager is hereby authorized to implement the Budget as set forth in this resolution. The City Manager may delegate the authority to implement this resolution to the Finance Director, or other designated City employees.

SECTION 3. The City Manager is authorized to transfer appropriations as needed from savings available in any account in the Budget to any other accounts within the same fund to meet overall budget requirements.

SECTION 4. The City Manager is authorized to transfer among various funds amounts designated as “Transfers” in the Budget in increments and at intervals determined by the City Manager.

SECTION 5. The City Manager is authorized to increase appropriations for fiscal year 2009/10 expenditures in an amount not to exceed the amount of funds encumbered, but not yet expended, from fiscal year 2008/09. The actual amount of the increased appropriation due to encumbrances will be reported to the City Council, as part of the results of the annual financial audit for fiscal year 2008/09.

SECTION 6. When revenue estimates for the Development Services cost center exceed the amount identified in the Budget due to increases in development and fee activity as verified by the Finance Director, the City Manager is authorized to increase

appropriations for fiscal year 2009/10 expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the results of the annual financial audit for fiscal year 2009/10. The multiplier used to calculate billing rates for planning services and engineering services provided by the Development Services cost center will remain 2.7.

SECTION 7. When revenue estimates for the Recreation cost center exceed the amount identified in the Budget due to increases in recreation fee activity as verified by the Finance Director, the City Manager is authorized to increase appropriations for fiscal year 2009/10 expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the results of the annual financial audit for fiscal year 2009/10.

SECTION 8. When revenue estimates exceed the amount identified in the Budget due to increases in grant revenues as verified by the Finance Director, the City Manager is authorized to increase appropriations for fiscal year 2009/10 expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the results of the annual financial audit for fiscal year 2009/10.

SECTION 9. When higher than anticipated revenue activity in the General Fund results in increased costs to directly support that activity (e.g., automated traffic enforcement), the City Manager is authorized to increase appropriations for fiscal year 2009/10 expenditures in an amount not to exceed the amount of increased revenue. Increased appropriations shall be made in writing by the City Manager, filed with the Finance Director, and reported to the City Council as part of the results of the annual financial audit for fiscal year 2009/10.

SECTION 10. The City Manager is instructed to use restricted funding sources in accordance with the requirements of the funding sources prior to using funds with unrestricted resources in order to allow the City the greatest flexibility in meeting its financial obligations.

SECTION 11. Each Councilmember is authorized \$5,600, and the Mayor is authorized \$10,000, for Council travel and expense reimbursement, to be utilized in accordance with the Council Travel Budget and Expense Reimbursement Policy.

SECTION 12. The City Manager is instructed to implement all policies contained in the "Policies" section of the Budget.

SECTION 13. This resolution shall take effect immediately upon its adoption.

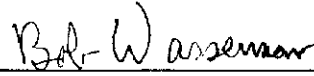
ADOPTED June 9, 2009, by the City Council of the City of Fremont, by the following vote, to wit:

AYES: Mayor Wasserman, Vice Mayor Natarajan, Councilmembers  
Wieckowski, Harrison and Chan

NOES: None

ABSENT: None

ABSTAIN: None

  
\_\_\_\_\_  
Mayor

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Clerk

  
\_\_\_\_\_  
Assistant City Attorney

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**RESOLUTION NO. 2009-35**

**A RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF FREMONT ESTABLISHING THE  
APPROPRIATIONS LIMIT FOR FISCAL YEAR  
2009/10 FOR THE CITY OF FREMONT**

WHEREAS, Article XIII B of the California Constitution (enacted with the passage of Proposition 4 in 1979; with modifications under Proposition 111, passed by the voters of California in June 1990; and implemented by California Government Code Sections 7900, and following), specifies appropriations of governmental entities may increase by an amount not to exceed the change in population and the change in either the California per capita income or the change in non-residential assessed valuation due to new construction within the City; and

WHEREAS, documentation used in the determination of the fiscal year 2009/10 appropriations limit has been available to the public prior to City Council's determination in this matter, as required by Government Code Section 7910.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FREMONT  
HEREBY RESOLVES AS FOLLOWS:

Pursuant to the appropriations limit formula set forth by Government Code Sections 7900-7913, does hereby establish the appropriations limit for fiscal year 2009/10 for the City of Fremont as \$498,945,662, as documented in Exhibit A, attached hereto and incorporated herein by reference as though fully set forth.

BE IT FURTHER RESOLVED, the City Council of the City of Fremont adopts as the adjustment factors for use in determining the fiscal year 2009/10 appropriations limit the following:

Population Factor: The percentage change in the City's population from January 1 of the preceding calendar year to January 1 of the current calendar year as provided in the State of California Department of Finance "Price and Population Information" publication, dated May 2009.

Inflation Factor: Use the change in new, non-residential construction for fiscal year 2008/09, the last complete year for which information is available.

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## Resolutions | Appropriations Limit


ADOPTED June 9, 2009, by the City Council of the City of Fremont, by the following vote, to wit:

AYES: Mayor Wasserman, Vice Mayor Natarajan, Councilmembers  
Wieckowski, Harrison and Chan

NOES: None


ABSENT: None

ABSTAIN: None

  
\_\_\_\_\_  
Mayor

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Clerk

  
\_\_\_\_\_  
Assistant City Attorney

**RESOLUTION NO. 2009-37**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
FREMONT MODIFYING AND APPROVING GENERAL FUND  
RESERVE POLICIES**

WHEREAS, the General Fund Reserve Policies were adopted by the City Council on June 4, 1996, by Resolution No. 9008; and on June 4, 2002, Resolution No. 9794, and on June 10, 2003, by Resolution No. 9929; and

WHEREAS, the City Council desires to revise the General Fund Reserve Policies to lower the General Fund Contingency Reserve from “at least 12.5% of operating expenditures and transfers out” to “at least 10% of operating expenditures and transfers out;” and

WHEREAS, the City Council also desires to reaffirm and maintain the General Fund Program Equity Investment Reserve at a level of at least 2.5% of annual operating expenditures and transfers out; and

WHEREAS, the City Council also desires to reaffirm the General Fund Budget Uncertainty Reserve policy; and

WHEREAS, the City Manager has prepared a municipal budget for the fiscal year ending June 30, 2010, entitled “City of Fremont, FY 2009/10 Proposed Operating Budget” (“Proposed Budget”), a copy of which is on file in the office of the City Clerk, and, which contains the revisions to the proposed reserve policies and is included in the “Policies” section of the Proposed Budget.

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF FREMONT AS FOLLOWS:

SECTION 1: The Finance Director is instructed to implement the General Fund Contingency Reserve Policy, as follows:

The City will maintain a contingency reserve for operations to help mitigate the effects of such unanticipated situations as the following:

- (a) Economic downturns;
- (b) Loss of revenues to or imposition of additional costs by other governmental agencies;
- (c) Errors in financial forecasting;
- (d) Natural disasters.

The contingency reserve will also provide back-up liquidity to the Risk Management Fund.



The contingency reserve will be funded at a level equal to 10% of annual operating expenditures and transfers out. All uses of the contingency reserve will be approved by the City Council. Any such uses will be repaid to the contingency reserve over a period of no more than three years.

SECTION 2: The Finance Director is instructed to implement the General Fund Program Equity Investment Reserve Policy, as follows:

The City will maintain a program equity investment reserve (PEIR) to provide a source of working capital for the following:

- (a) New programs or undertakings that have the potential for receiving significant funding from outside sources.
- (b) Organization retooling, process improvement and strategic entrepreneurial opportunities.

The program equity investment reserve will be funded at a level at least equal to 2.5% of annual operating expenditures and transfers out. All uses of the program equity investment reserve will be approved by the City Council. Any such uses will be repaid to the program equity investment reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years.

SECTION 3: The Finance Director is instructed to implement the Budget Uncertainty Reserve Policy, as follows:

The purpose of the budget uncertainty reserve is to provide transition funding to allow orderly responses to reductions in major revenues due to local, regional and national economic downturns, and to unavoidable cost increases.

The budget uncertainty reserve does not have a target funding level but, instead, is funded at such times and at such levels as the City Council deems appropriate. The City Manager will report any need to use the budget uncertainty reserve to the City Council as part of the periodic budget review. All uses of the budget uncertainty reserve shall be approved by the City Council.

SECTION 4: This resolution shall take effect immediately upon its adoption, and shall remain in effect until amended by action of the City Council.

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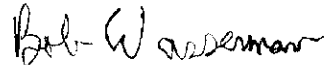
ADOPTED June 9, 2009, by the City Council of the City of Fremont, by the following vote, to wit:

AYES: Mayor Wasserman, Vice Mayor Natarajan, Councilmembers  
Wieckowski, Harrison and Chan

NOES: None


ABSENT: None

ABSTAIN: None

  
\_\_\_\_\_  
Mayor

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Clerk

  
\_\_\_\_\_  
Assistant City Attorney

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**RDA RESOLUTION NO. 401**

**A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF FREMONT APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR JULY 1, 2009 THROUGH JUNE 30, 2010, APPROVING APPROPRIATIONS FOR CAPITAL PROJECTS, REFLECTING FINDINGS MADE REGARDING PUBLIC IMPROVEMENTS, MAKING FINDINGS REGARDING PLANNING AND ADMINISTRATIVE EXPENDITURES FUNDED WITH AFFORDABLE HOUSING MONIES; AND APPROVING THE AGENCY WORK PROGRAM**

WHEREAS, the Executive Director has prepared an Agency budget for the fiscal year ending June 30, 2010, entitled "Redevelopment Agency Proposed Operating Budget and Work Program FY 2009/10," attached hereto as Exhibit 1; and

WHEREAS, the Agency Board has conferred with the Executive Director and appropriate staff in public meetings, and has deliberated and considered the proposed budget during public hearings; and

WHEREAS, pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 *et seq.*; the "Redevelopment Law"), the City Council has adopted and the Redevelopment Agency of the City of Fremont (the "Agency") is responsible for implementing: (1) the Amended and Restated Redevelopment Plan for the Niles Redevelopment Project (the "Niles Plan"), as recently amended and restated pursuant to Ordinance No. 2295 dated July 7, 1998, pertaining to the Niles redevelopment project area as described therein (the "Niles Project Area"); (2) the Amended and Restated Redevelopment Plan for the Irvington Redevelopment Project (the "Irvington Plan"), as recently amended and restated pursuant to Ordinance No. 2294 dated July 7, 1998, pertaining to the Irvington redevelopment project area as described therein (the "Irvington Project Area"); (3) the Amended and Restated Redevelopment Plan for the Centerville Redevelopment Project (the "Centerville Plan"), as recently amended and restated pursuant to Ordinance No. 2296 dated July 7, 1998, pertaining to the Centerville redevelopment project area as described therein (the "Centerville Project Area"); (4) the Amended and Restated Redevelopment Plan for the Fremont Industrial Redevelopment Project (the "Industrial Area Plan"), as recently amended and restated pursuant to Ordinance No. 2297 dated July 7, 1998, pertaining to the Industrial redevelopment project area as described therein (the "Industrial Project Area"). The Niles Plan, the Irvington Plan, the Centerville Plan, and the Industrial Area Plan are sometimes collectively referred to as the "Redevelopment Plans." The Niles Project Area, the Irvington Project Area, the Centerville Project Area, and the Industrial Project Area are sometimes collectively referred to as the "Project Areas"; and

WHEREAS, to assist in implementing the Redevelopment Plans, the Agency by resolution of June 10, 2008, has adopted a five-year implementation plan for the fiscal years 2008/09 through 2012/13 (the "Implementation Plan") pursuant to Section 33490 of the Redevelopment Law; and

WHEREAS, in furtherance of the Redevelopment Plans and the Implementation Plan, the Agency desires to provide financial assistance for the public improvements generally listed and described in the Work Program, which is attached to this Resolution and incorporated herein by this reference (collectively, the “Public Improvements”); and

WHEREAS, in considering approval of this Resolution, the Agency and the City Council have complied with the requirements of the California Environmental Quality Action (“CEQA”) in the manner found and determined below; and

WHEREAS, the following additional materials (collectively, the “Supporting Documents”) have been presented to and considered by the Agency in support of the findings and approvals set forth in this Resolution: (1) the staff report of June 9, 2009, accompanying this Resolution; and (2) the Redevelopment Plan Amendments EIR and the Redevelopment Plan Amendments EIR Resolutions (both as defined below). The Supporting Documents are hereby incorporated by reference in this Resolution and, together with the above recitals (the “Recitals”), form the evidentiary basis and establish the analytical route for reaching the ultimate findings and conclusions contained in this Resolution.

NOW, THEREFORE, BE IT RESOLVED by the Agency Board of the Redevelopment Agency of the City of Fremont that the above Recitals are true and correct and have served, together with the Supporting Documents, as the basis for the findings and approvals set forth below.

BE IT FURTHER RESOLVED by the Agency Board of the Redevelopment Agency of the City of Fremont as follows:

The Executive Director is hereby directed to incorporate any amendments to the proposed budget, as made by the Agency Board during the meeting of June 9, 2009 (as described in Exhibit 1, attached hereto and incorporated herein by reference) for the fiscal year July 1, 2009 through June 30, 2010, into a document entitled “Redevelopment Agency Adopted Budget and Work Program FY 2009/10.” The adopted budget may be referred to as “the Budget,” and a copy of the Budget shall be filed in the office of the City Clerk. The Budget is hereby adopted and approved; and

The Executive Director is authorized to implement this resolution, and may delegate authority to implement this resolution to the Finance Director, or other designated Agency representative; and

The Agency Board does hereby adopt City of Fremont budget policies, as identified in the City’s FY 2009/10 Adopted Operating Budget, for use by the Agency, to the extent the policies are relevant and allowable by law; and

The Executive Director is authorized to transfer appropriations as needed from savings available in any object account in the Agency’s budget (other than the accounts of Affordable Housing) to other accounts to meet overall budget requirements. Likewise, the Executive Director is authorized to transfer appropriations as needed from savings available in any other

account in the Agency's Affordable Housing budget to other accounts in the Agency's Affordable Housing budget to meet overall budget requirements; and

The Executive Director is hereby authorized to transfer among Redevelopment funds amounts designated as "Fund Transfers" in the budget, said transfers to be made in increments and at intervals determined by the Executive Director. The Executive Director is hereby authorized to cause Redevelopment funds to be restructured as needed to meet accounting requirements and provide financial reports as efficiently as possible; and

The Executive Director is hereby authorized to display expenditures of the Agency as "Fund Transfers" in financial statements, when needed to provide clarity and consistency for financial reporting; and

In accordance with California Health and Safety Code Section 33606, the Agency Board does hereby find and determine as follows:

- (1) The proposed expenditures and anticipated revenues are shown in Exhibit 1;
- (2) The Agency proposes no new additional issuance of bonded indebtedness during FY 2009/10 at this time;
- (3) The Agency proposes to continue existing indebtedness, such as the bonds issued in 2000 and 2003, and the Agency's responsibility to contribute funding toward interchange construction projects;
- (4) The Agency's work program and goals for next year and achievements for the current year are included in Exhibit 1; and
- (5) In accordance with Health and Safety Code Section 33334.3(d), the Agency Board does hereby find that the planning and administrative expenses of the Affordable Housing Fund are necessary for the production, improvement, or preservation of low and moderate-income housing. The total salaries, benefits, and operating expenditures of the proposed annual operating budget for the Affordable Housing Fund, including both direct project costs and administrative support costs, are \$1.01 million, which is approximately 16% of the \$6.3 million total proposed expenditures for operations, capital projects and programs. The Agency administers an affordable housing program involving approximately 1,500 current units, with plans to assist approximately 500 additional units over the next five years. This low level of planning and administrative expenses in relation to the high number of assisted units supports the conclusion that the expenditures are necessary.

BE IT FURTHER RESOLVED that the Agency hereby finds for the following reasons, and based on the provision of Public Resources Code Section 21090, that the Redevelopment Plan Amendments EIR (as defined below) has served as the environmental documentation pursuant to CEQA for approval of this Resolution. "Redevelopment Plan Amendments EIR" means the Environmental Impact Report for the Fremont Redevelopment Plan Amendments and Merger Program (State Clearinghouse Number 97112014) certified by the City Council and

Agency pursuant to Resolutions 9314 and 217, respectively, on June 23, 1998 (together, the “Redevelopment Plan Amendments EIR Resolutions”). Specifically, the Agency finds that the Redevelopment Plan Amendments EIR was prepared as a “program” EIR, and that the design and development of the Public Improvements is within the scope of the program evaluated in the Redevelopment Plan Amendments EIR. The Agency further specifically finds that there have not been any of the following occurrences since the certification of the Redevelopment Plan Amendments EIR that would require a subsequent or supplemental environmental document in connection with approval of this Resolution:

(1) There have not been substantial changes in the Public Improvements that are the subject of this Resolution which would require major revisions in the Redevelopment Plan Amendments EIR; and

(2) There have not been substantial changes with respect to the circumstances under which the Public Improvements are being implemented pursuant to the Resolution which would require major revisions in the Redevelopment Plan Amendments EIR; and

(3) There has not been the appearance of new information which was not known and could not have been known as of the date of certification and approval of the Redevelopment Plan Amendments EIR which is relevant to the certification and approval of the Redevelopment Plan Amendments EIR as it relates to the Public Improvements.

BE IT FURTHER RESOLVED that the Agency hereby finds and directs that the applicable mitigation measures and monitoring program set forth in the Redevelopment Plan Amendments EIR Resolutions shall be incorporated into and implemented in connection with the design and development of the Public Improvements.

BE IT FURTHER RESOLVED that, based on the foregoing CEQA considerations, the Agency Executive Director is authorized to file the appropriate notice of determination documents pursuant to CEQA in connection with the actions and approvals set forth in the Resolution.

BE IT FURTHER RESOLVED that, as the design specifications of the various Public Improvements are finalized, the City and/or the Agency, as appropriate, shall conduct any further appropriate environmental review in connection with the development of the various Public Improvements to the extent, in the manner, and at the times required under the terms of CEQA and the Redevelopment Plan Amendments EIR.

BE IT FURTHER RESOLVED that, based on the information and analysis contained in the Recitals and the Supporting Documents, and in accordance with Health & Safety Code Section 33445 of California Redevelopment Law, the Agency finds that no additional legal findings under Health & Safety Code Section 33445 to authorize appropriations for the Public Improvements listed in Exhibit 2 (the Project Appropriations Plan) are required to be made this year as the following findings have already been made by the Agency Board (through Resolution 299 and previous resolutions of the Agency) with respect to all of the affected projects included in the Project Appropriations Plan:



- (1) The improvements benefit the Redevelopment Project Areas;
- (2) There are no other reasonable means of financing the improvements;
- (3) The improvements will assist in the elimination of blight and are consistent with the Implementation Plan.

BE IT FURTHER RESOLVED, the Agency Board approves the project appropriations as shown for FY 2009/10 in the Redevelopment Agency Proposed Project Appropriations Plan (Exhibit 2). Said appropriations are made as of July 1, 2009. The Agency Board authorizes re-appropriation and carry-forward of unspent appropriations for Redevelopment Agency projects and programs to later fiscal years consistent with the purposes of Redevelopment, as determined by the Finance Director. The Agency Board authorizes the Executive Director to determine when unspent appropriations are no longer needed in order to complete specific projects or programs and authorizes the Executive Director to release those unspent funds to unallocated fund balance of the fund from which the appropriations were originally made. The Agency Board does hereby adopt, and the Finance Director is instructed to implement, City of Fremont Capital Improvement Program (CIP) budget policies for use by the Agency to the extent the policies are applicable and allowable by law.

BE IT FURTHER RESOLVED that this Resolution shall become effective immediately upon its passage and adoption.


ADOPTED June 9, 2009, by the Redevelopment Agency of the City of Fremont by the following vote, to wit:

AYES: Chairman Wasserman, Vice Chairman Natarajan, Agency Members  
Wieckowski, Harrison and Chan

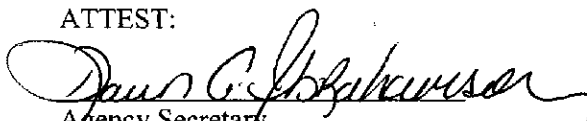
NOES: None

ABSENT: None

ABSTAIN: None

  
\_\_\_\_\_  
Agency Chair

ATTEST:

  
\_\_\_\_\_  
Agency Secretary

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Assistant Agency Counsel

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